

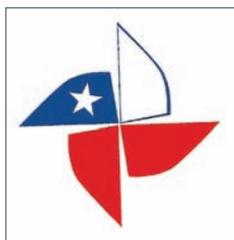
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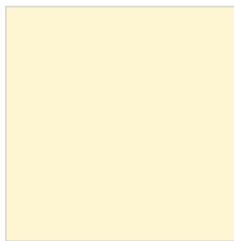
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ALLIANCE OF CIVILIZATIONS



Spain today 2008 is an up-to-date look at the primary aspects of our nation: its public institutions and political scenario, its foreign relations, the economy and a panoramic view of Spain's social and cultural life, accompanied by the necessary historical background information for each topic addressed.

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Spain today

2008

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Spain today

2008



Madrid
MINISTRY OF THE PRESIDENCY

FOREWORD

It is a great pleasure to present this second edition of the book *Spain Today 2008*, following the introduction of its new format last year. Its essential purpose is to maintain an updated and modern vision of our country, providing information on the numerous political, cultural and economic changes we have experienced. However, it also constitutes an attempt to offer those less familiar with Spain an overview of the major traits that characterise our society and our nation.

In a few short years we have gone from being a country of emigrants to a haven for waves of immigrants; from a country with an army focused on domestic affairs to a nation with armed forces serving on international peace missions; from a recipient of development funds to one of the top contributors to international cooperation. Our social development has also progressed at a considerable pace: we have consolidated individual and social rights as well as greater equality. We are also making a determined effort to achieve greater gender parity, which was an illusory concept only a few decades ago. In short, we are on our way to becoming one of the most advanced nations in the developed world, and it is a source of great pride to know that year by year, day by day, our country is evolving into a more just society.

All of these changes are reflected in this book, which is designed to be an accurate guide for readers – particularly those from other nations – who feel curiosity and interest in what is happening in Spain today.



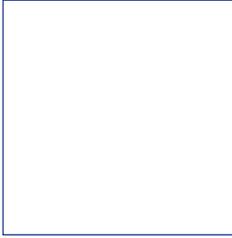
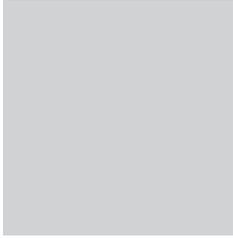
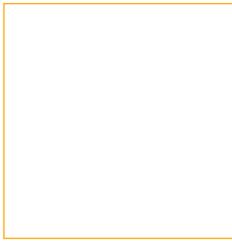
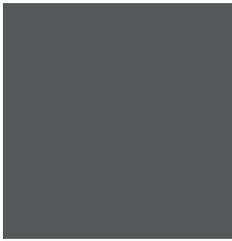
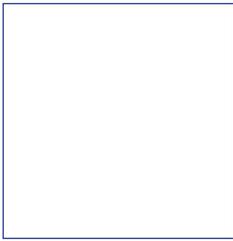
NIEVES GOICOECHEA
Secretary of State for Communications

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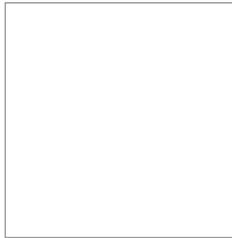
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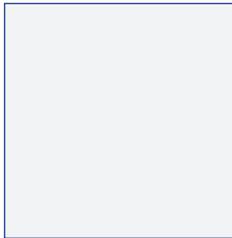
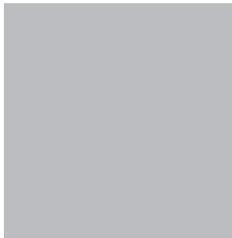
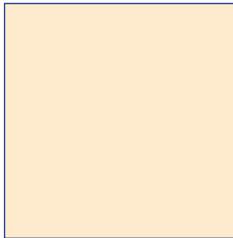
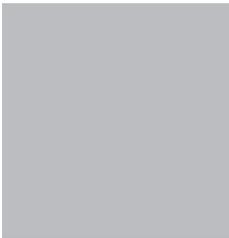
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CHAPTER I



THE COUNTRY AND ITS POPULATION



THE COUNTRY AND ITS POPULATION THE COUNTRY AND ITS POPULATION

GEOGRAPHY

Most of Spain's national territory is located on the Iberian Peninsula – which it shares with Portugal and Andorra – situated in the southwest corner of Europe. However it also comprises the Canary Islands and the Balearics, a few smaller islands, and the cities of Ceuta and Melilla in North Africa.

With a surface area of 506,030 square kilometres, Spain is among the fifty largest countries in the world. The mainland territories occupy an area of 493,514 square kilometres; the Balearic Islands, 4,992 square kilometres; the Canary Islands, 7,492 square kilometres; and the cities of Ceuta and Melilla, 32 square kilometres.

The geological history of the Iberian Peninsula has given rise to mountains organised in large chains surrounding a high inland plateau situated at over 600 metres above average sea level. As a result of this layout, the peninsula is characterised by a rich variety of unique enclaves and natural environments. If there is one characteristic that differentiates the surface of the peninsula from the rest of Europe, it is clearly its diversity.

Due to its geographic location, Spain is influenced by two very different seas: the Atlantic Ocean, vast and open; and the Mediterranean Sea, whose only physical connection to the former is the narrow opening of the Straits of Gibraltar, which permits the exchange of water between the two masses of very different salinity and temperature. The Spanish coastline is 5,755 kilometres long.

Topography

The surface of Spain is extremely varied and characterised by a relatively high average al-

titude – over 600 metres above sea level. As such, it is the second-highest country in Europe, surpassed only by Switzerland, where the average altitude is 1,300 metres. This is due to the presence at the centre of the peninsula of a vast plateau, known as the Meseta, divided into two smaller plateaus by the Sistema Central mountain range. A series of other mountain ranges around the plateau and yet others located on the periphery of the peninsula round out the topography. There are two depressions – the Ebro and the Guadalquivir river valleys – located between the Meseta and the peripheral ranges. The mountain ranges, which except for the Sistema Ibérico (Iberian System) and the Cordilleras Costero-Catalanas (Catalonian-Coastal Ranges) generally run from west to east exert a tremendous influence on the continental climate by creating natural barriers against banks of moist air from the Atlantic Ocean, which would otherwise temper inland temperatures.

Rivers

The natural fluvial regime of Spain's rivers mainly depends on the pattern of precipitation, where its waters originate and transform into surface water or groundwater runoff. However, this natural fluvial pattern is affected by human action in the form of infrastructures used to regulate and modify its temporal distribution, as well as other types of actions that remove volumes of water from rivers.

The diversity of climates in Spain, together with other morphological and geological factors, explains the enormous contrasts in its present-day hydrographical composition.

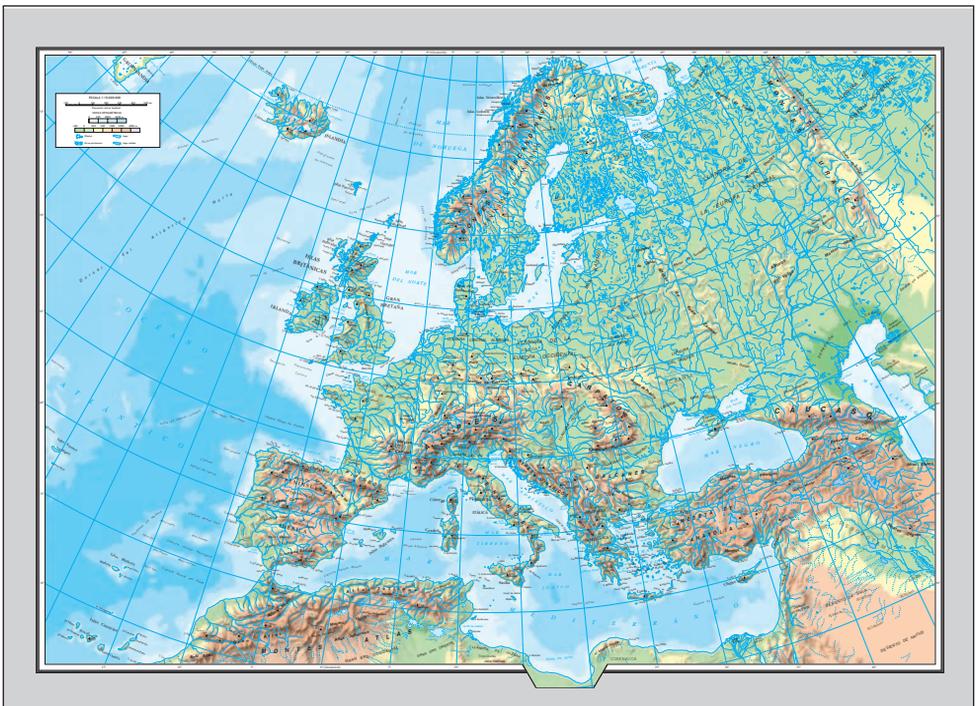
Climate

Although the climates in Spain are difficult to classify because of their heterogeneity, it is possible to distinguish the following types:

- **Atlantic or Oceanic Climate**
- **Continental Climate**
- **Mediterranean Climate**
- **Mediterranean Mountain Climate**



Physical Map of the World.



Physical Map of Europe.



Physical Map of Spain.

Types of Climate.





Average annual temperatures.

There are other smaller but nevertheless significant climate zones, as follows:

- **Cold Steppe Climate**
- **Hot Steppe Climate**
- **Subtropical Climates**

With regard to temperature, the most notable differences are between the inland and the peripheral areas. In the former, where temperatures are influenced by the continental factor, the winters are very cold, with average January temperatures ranging between 0 and 3°C, while the summers are hot, with an average of 24°C in July and August. Meanwhile, in the peripheral areas the winters are mild, with an average of 10°C in January, and an average annual temperature, especially on the Mediterranean coast, of between 16 and 18°C.

Precipitation is also marked by sharp contrasts: the north and northwest, which are directly influenced by the Atlantic, have abundant rainfall and no distinguishable dry season. This area is sometimes known as La España

Húmeda, or Wet Spain, with annual precipitation exceeding 600 mm and rising occasionally to 2,000 mm. The remainder of the country is predominantly dry, with an annual precipitation of less than 600 mm. The south-east of Spain is semi-arid, with annual precipitation below 300 mm and a semi-desert landscape that at times is reminiscent of the Sahara.

Vegetation

Spain's rich diversity in terms of its climate, petrography and topography has given rise to the formation of clearly defined ecological compartments, which in turn have led to the development of a broad spectrum of vegetation types. Another factor is the intensity of human activity, which has gradually transformed nature since the Neolithic period, often adding to the already diverse array of habitats.

Under natural conditions, virtually the entire country would be covered by forests; only certain enclaves in the highest mountains and a few extremely dry areas in the southeast and in the Canary Islands do not lend themselves to the natural development of this type of vegetation.

However, nowadays the vegetation cover in Spain resembles a type of mosaic in which the natural formations of trees, shrubs and herbaceous plants are distributed unevenly throughout the land alongside crop fields and reforested areas. This landscape variety is clearly reflected in the equally varied flora, which comprises approximately eight thousand species and includes plants from the whole of Europe and North Africa. Hence, the European beech co-exists with the Mediterranean holm oak, Aleppo pine, African palm and even the Australian eucalyptus.

The boundary between the wet and dry regions of Spain also separates two types of peninsular landscapes: that of Green Spain, with its prevailing leafy evergreens and vastly varying meadowlands, and the landscape of Mediterranean Spain, characterised by expanses of scrubland and xerophilic plant life – plants capable of withstanding the summer droughts – alongside the ever-diminishing woodlands. In more arid areas – La Mancha, Extremadura and, particularly, the Ebro Valley – holm oaks have been replaced by a sparse cover of dry, thorny bushes.

The Mediterranean coastal areas display a more complex variety of vegetation. Here, the

holm oaks and cork oaks are joined, even on the coast itself, by a mass of coniferous trees dominated by the Aleppo pine, which on higher ground is replaced by other types of conifers more adapted to mountain conditions. By contrast, a desert-like landscape extends along the Mediterranean shores of south-eastern Murcia and Andalusia. Here, exotic species such as European fan palms, prickly pears and pitas are frequently found, together with more occasional compact or scattered palm groves.

Forests, natural or otherwise, currently occupy 15 million hectares (approximately 30% of the land), the most characteristic being the Atlantic variety, dominated by oaks and other leafy evergreens; gallery forests, present in 20% of the riverbanks in Spain; Mediterranean forests in their evergreen, sclerophyll and mountain varieties; and sub-alpine coniferous forests, with alternating mountain scrub and wet or semi-wet meadows.

In certain areas with a temperate climate and abundant rainfall, subtropical-lauroid vegetation is still present. So also is the continental steppe vegetation of Eastern Mediterranean and Asian origin, as well as Euro-Siberian vegetation represented by certain evergreen forests, heaths, hay fields and a few arctic-alpine plants and similar vestiges, which grow in the dampest and highest Mediterranean mountain ranges.

This richly diverse vegetation is matched by a great variety of coastal ecosystems, including intertidal areas, beaches, cliffs, sand

Aran Valley. Lleida.



Minorca. Balearic Islands.



NATIONAL PARKS

NATIONAL PARK	AUTONOMOUS REGION	PROVINCE	Total Surface Area (hectares)
Aigüestortes i Estany de Sant Maurici	Catalonia	Lleida	14,119
Cabañeros	Castile-La Mancha	Ciudad Real, Toledo	38,996
Cabrera Archipelago	Balearic Islands	Balearic Islands	10,021
Taburiente Crater	Canary Islands	Santa Cruz de Tenerife	4,690
Doñana	Andalusia	Huelva, Seville	50,720
Garajonay	Canary Islands	Santa Cruz de Tenerife	3,984
Ordesa and Monte Perdido	Aragon	Huesca	15,608
Picos de Europa	Asturias, Castile and Leon, Cantabria	Asturias, Leon, Cantabria	64,660
Tablas de Daimiel	Castile-La Mancha	Ciudad Real	1,928
El Teide	Canary Islands	Santa Cruz de Tenerife	18,990
Timanfaya	Canary Islands	Las Palmas	5,107
Sierra Nevada	Andalusia	Granada, Almería	86,208
Atlantic Isles of Galicia	Galicia	Pontevedra, A Coruña	8,480

Source: Autonomous Organisation of National Parks, Ministry of the Environment, 2005

dunes, salt marshes, salt steppes, etc. Spain also boasts a similarly rich variety of fresh-water habitats, with 75,000 kilometres of rivers and at least 1,500 wetlands, representing 0.22% of the national territory. Although usually fairly small, the wetlands are hugely important as centres of biological diversity.

However, land use in Spain is currently dominated by farming, stockbreeding and forestry, occupying over 42 million hectares or 80% of the country. Of this area, just over 30% is used for dry-farmed crops, 30% for forestry and 12% for grazing and plant species requiring little water. Irrigated crops occupy 7% of the land. And yet, even in these areas the flora is not without interest: many plants endemic to Spain grow there and a number of animal species are able to live there. In addition to all of this, there is another totally altered and irretrievable habitat: 8% of the land is covered by urban areas and infrastructures.

Wildlife

There are estimated to be between 50,000 and 60,000 wildlife species in Spain. Of these, 770 are vertebrates (excluding marine fish) and the rest invertebrates. Both types represent

over 50% of the total number of species in each group present in the European Union, and, once again, the merits of this biological diversity are multiplied by the endemic factor. This is particularly true of the Canary Islands, where 44% of the wildlife – or 3,066 of the 6,893 animal species present – are endemic.

The Iberian Peninsula, Ceuta and the two archipelagos are also significant in terms of migrations, receiving a vast quantity of animals. Abundant species that cannot strictly be described as Spanish wildlife – mainly birds but also marine fish and mammals – use the country as a transitional territory between their northern breeding grounds and their Mediterranean and Southern Sahara wintering places, or between their reproductive grounds in the Mediterranean and their resting places in the Atlantic.

Endangered species are increasingly and more efficiently protected in numerous nature reserves. This is the case, for example, of the brown bear, which lives in evergreen and mixed mountain forests, the Iberian lynx, found in Mediterranean forests and meadowland with thick undergrowth, the European mink, the grouse and the Spanish imperial eagle.



Close-up of a Spanish imperial eagle and a group of Spanish ibex on a rocky outcropping.

The southern part of the peninsula is home to countless African-type wildlife species, while on the Meseta or central plateau the most predominant species are the partridge, quail, wolf and birds such as the great bustard, sand grouse, imperial sand grouse and various birds of prey. The typically Spanish sub-species include the Spanish deer, the wild cat, the weasel and the Andalusian wild boar. This group also includes the Iberian black pig, although it is not exclusive to Spain, and, through the mutations in its domestication, the fighting bull.

The marine wildlife is rich and varied. The Atlantic offers a greater diversity of fish than the Mediterranean, especially along the coast of Galicia, with large continental platforms, abundance of plankton and, due to strong tides, the frequent renewal of its waters. In the Bay of Biscay, which is deeper, the fish live further away from the coast. The southern Atlantic coast is characterised by abundant migrant fish, such as the tunas that lay their eggs there en route to the Mediterranean. The endangered Mediterranean monk seal fares well on the rocky coasts least altered by human activity and with abundant islets and caves. However, the excessive hunting of large cetaceans has impoverished Spanish wildlife in this respect, and nowadays it is rare to see dolphins, sperm whales and porpoises in the seas that surround the peninsula.

Minerals

Iberia, Hesperia or Hispania – the different names by which Spain was known in Antiquity – was famous for its natural wealth, and for the abundance and variety of its mineral resources in particular. In fact, such was this fame that it attracted the attention of conquering peoples and became the battle field on which Carthage and Rome confronted each other. Even as late as the beginning of the 20th century, Spain still boasted several of the world's most important mineral deposits, and the economic development of certain regions, such as the Basque Country and Asturias, was based on their mineral wealth. Although nowadays the situation has changed, Spain still remains one of the richest countries in Europe in terms of its mineral wealth.

Spanish mineral production – even excluding energy production – is characterised by its diversity. There is practically no mineral absent from Spanish soil, although of the approximately one hundred products exploited, the only significant volumes produced are generated by iron, various pyrites, zinc, copper and lead (among metal minerals) and refractory argil, bentonite, quartz, fluorite, glauberite, grain magnetite, rock and sea salt, potassium salts and sepiolite (among non-metallic minerals).

Although highly varied, Spain's metal mineral production is insufficient to meet

the country's needs. By contrast, non-metal minerals are produced to a surplus, exceeding domestic demand.

POPULATION

The Resident Population in Spain

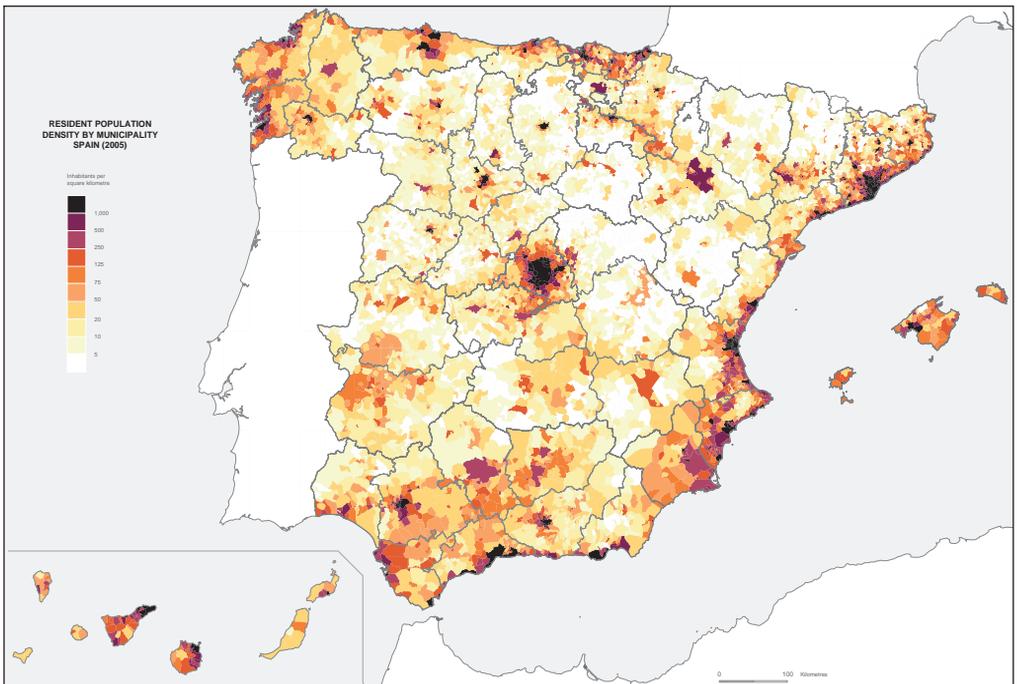
In recent years the resident population in Spain has begun an unexpected recovery. At the beginning of the 1990s, demographers and other experts announced that the population showed a tendency to decline and that the figure of 40 million inhabitants would therefore not be reached in the short term. However, the massive influx of immigrants has overturned these projections and the resident population in Spain has not only broken through the 40 million threshold but now, at the beginning of the 21st century, continues to grow.

In fact, according to the official figures from the municipal registers, for the first time ever Spain's resident population has surpassed the 44 million mark. Hence, on 1 January 2005, Spain was home to 44,108,530 people, of whom 3,730,610 were non-nationals.

This barrier of 44 million inhabitants was overcome when the resident population in Spain rose by 910,846 in 2004 – a record growth since population data began to be collected.

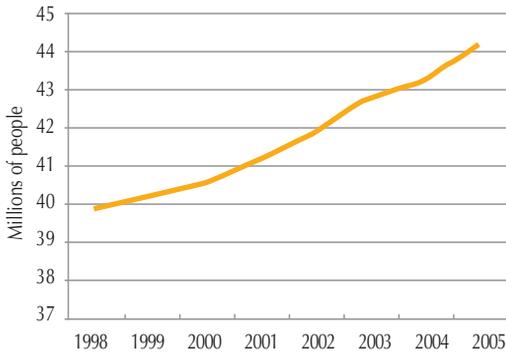
In relative terms, the annual increase was 2.1%. This strong growth in the number of inhabitants is mainly explained by the 696,284 foreign citizens who enrolled on the municipal register, representing 76.4% of the total population growth in Spain. The figure for new enrolments by Spanish nationals was 214,562.

By gender, 50.6% of the resident population in Spain are women and 49.4% men. By age, 15.2% of the people registered are un-

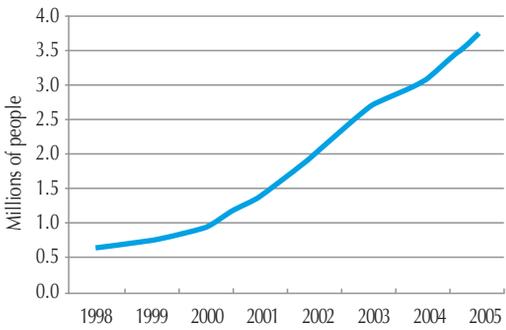


Population density, 2005.

EVOLUTION OF THE POPULATION



FOREIGN POPULATION



der the age of 16, 44.8% are aged between 16 and 44, and 40% are over 45 years old.

The Evolution of the Population

A look back over recent years in the evolution of the population reveals that there has been a gentle but sustained growth since 1999, with a marked acceleration in recent years due mainly to the phenomenon of immigration.

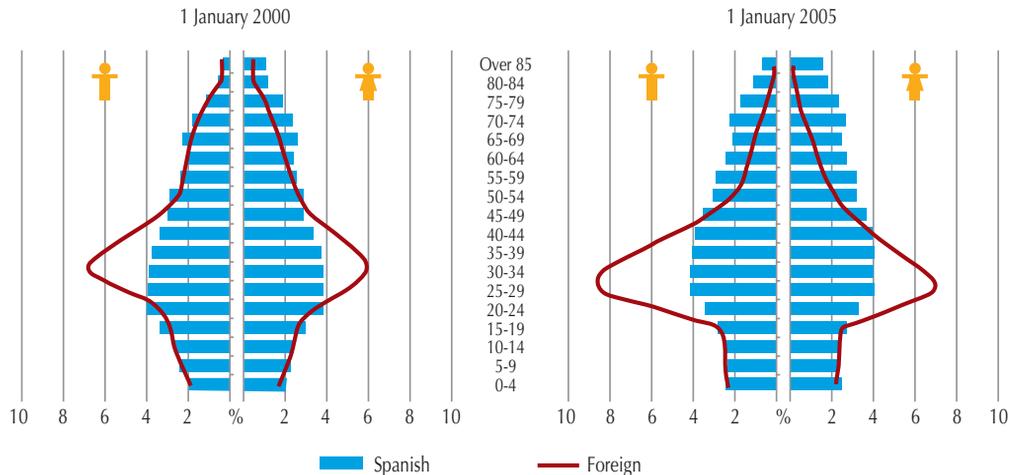
According to data from Spanish Statistical Office (INE) relating to the municipal register revisions of 1 January, the Spanish population rose from 40.2 million in 1999 to 44.1 million in 2005, an increase of 9.7%. During the same period, the resident foreign population quintupled and now represents 8.5% of the total population.

An analysis of the population pyramids in Spain between 2000 and 2005 reveals a broadening of the central segment due to the arrival of young foreigners, which has slowed down the ageing of the population.

By gender, there is a predominance of women in the group of Spanish nationals over 70, and a predominance of men in the young foreigners group.

In 2004, the natural population increase (calculated as the difference between the

SPANISH AND FOREIGN POPULATION PYRAMID



number of births and deaths) was the highest for the last five years. A geographical analysis of this phenomenon clearly reveals a greater natural increase in the central regions of Spain and around the Mediterranean coast which are precisely the regions attracting the most immigrants. Specifically, the most notable increases occurred in the autonomous region of Madrid (28,734 additional inhabitants), Andalusia (25,986) and Catalonia (19,252).

By contrast, Galicia, Castile and Leon Asturias and Aragon show the most negative natural increases.

The Resident Population by Autonomous Region

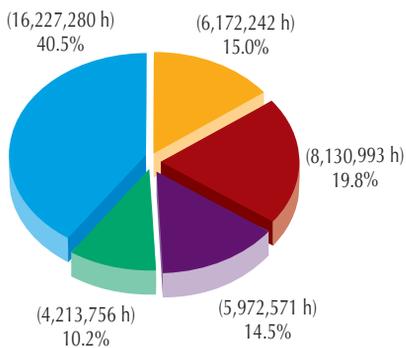
The autonomous regions with the highest growth figures between 1 January 2004 and 1 January 2005 were Catalonia (with an additional 181,887 inhabitants), Andalusia (162,281), Madrid (159,314) and Valencia (149,145). The smallest growth occurred in Asturias (2,874),

POPULATION BY AUTONOMOUS REGION

Total	44,108,530
Andalusia	7,849,799
Aragon	1,269,027
Asturias	1,076,635
Balearic Islands	983,131
Canary Islands	1,968,280
Cantabria	562,309
Castile and Leon	2,510,849
Castile-La Mancha	1,894,667
Catalonia	6,995,206
Valencia	4,692,449
Extremadura	1,083,879
Galicia	2,762,198
Madrid	5,964,143
Murcia	1,335,792
Navarre	593,472
Basque Country	2,124,846
Rioja (La)	301,084
Ceuta (Autonomous City)	75,276
Melilla (Autonomous City)	65,488

Figures as of 1-1-2005. Unit: persons.

TOTAL INHABITANTS BY TYPE OF MUNICIPALITY



- 6,948 municipalities with less than 5,000 inhabitants
- 841 municipalities with between 5,001 and 20,000 inhabitants
- 201 municipalities with between 20,001 and 50,000 inhabitants
- 62 municipalities with between 50,001 and 100,000 inhabitants
- 56 municipalities with over 100,001 inhabitants

Population figures as of 01/01/2001.

Source: Register of Local Entities (Ministry of Public Administration), Spanish Statistical Office.

Cantabria (7,525) and La Rioja (7,531). In the autonomous city of Melilla the population fell by 2,528.

These figures demonstrate that the population continues to grow along the Mediterranean coast and in the autonomous regions of Madrid and Catalonia. Meanwhile, the inland and northern regions in general have less population weight in the nationwide analysis.

The resident population in Spain is not distributed evenly around the country. Spain's average population density is 87 inhabitants per square kilometre, but this varies greatly from one autonomous region to another.

The highest population densities occur in Madrid (743 inhabitants/km²), the Basque Country (300 inhabitants/km²) and the Canary Islands (264 inhabitants/km²). The regions at the other end of the scale are Castile-La Mancha (24 inhabitants/km²) and Extremadura (26 inhabitants/km²).

The Foreign Population

Following the sharp increases of recent years, the proportion of foreign nationals now living

in Spain is 8.5% of the total population. In 2004 the number of immigrants rose by nearly 700,000 people, the highest annual increase ever recorded in Spain.

By nationality, over the last three years Moroccans and Ecuadoreans have fought for first place at the top of the list, way ahead of all the other countries. According to the municipal register figures for 1 January 2005, the highest number of immigrants come from Morocco and has now surpassed the half-million mark. Ecuadoreans are not far behind.

The nationality that experienced the highest growth in absolute terms in the year 2004 was Romanian. The citizens of this country now represent 8.5% of the total foreign population in Spain and have climbed to third position on the list of countries of immigrant origin, displacing others with a greater immigrant tradition in Spain, such as Colombia, the United Kingdom, Argentina and Germany.

By gender, there are a greater proportion of women among the Latin American nationalities, while men are predominant among African nationalities and, to a lesser degree, Eastern European and Asian nationalities.

The Foreign Population by Autonomous Region

The autonomous regions with the highest proportion of foreign citizens are the Balearic Islands (where 15.9% of the population is non-

Spanish), Madrid (13.1%), Valencia (12.4%), Murcia (12.4%) and Catalonia (11.3%).

By contrast, the regions with the smallest proportion of non-Spanish nationals are Extremadura (2.3%), Asturias (2.5%) and Galicia (2.5%).

Natural Population Movements

The Spanish birth rate continues the slow recovery initiated at the beginning of the 21st century. Hence, the crude birth rate (the number of live births per 1,000 inhabitants) reached 10.6 – 1.2 points higher than the previous year.

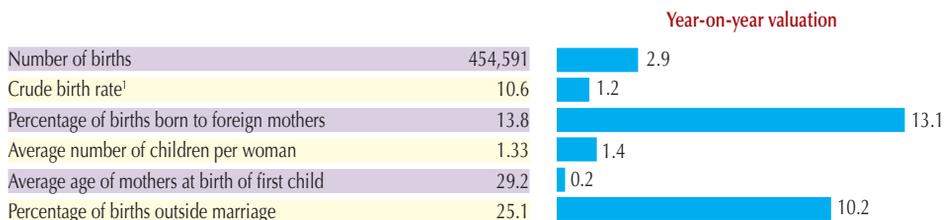
The average number of children per woman also grew and now stands at 1.33 – the highest figure since 1993. This has occurred despite the fact that, on average, women give birth to their first child increasingly later, currently at around age 30. Despite this increase, however, the average number of children per woman is still way below 2.1, the level that would guarantee the long-term replacement of the population.

In 2004 there were 454,591 births, up by 12,710 from 2003. This increase was mainly due to the fertility rate among foreign mothers, which continues to grow. Births to non-Spanish mothers represented 13.8% of the total in 2004, as compared with 12.2% in 2003 and 10.6% in 2002.

PREDOMINANT NATIONALITIES. 2005

Total nationality	Total Foreign Nationals	% of total	% women	Year-on-year valuation
Total nationality	3,730,610	100.0	46.6	22.9
Morocco	511,294	13.7	33.3	21.6
Ecuador	497,799	13.3	51.4	4.6
Romania	317,366	8.5	45.4	52.6
Colombia	271,239	7.3	56.6	9.0
United Kingdom	227,187	6.1	49.4	30.0
Argentina	152,975	4.1	49.3	16.9
Germany	133,588	3.6	49.5	13.9
Bolivia	97,947	2.6	55.6	87.1
Italy	95,377	2.6	40.6	23.7
China	87,731	2.4	44.9	40.4
Peru	85,029	2.3	53.8	23.9
France	77,791	2.1	50.8	16.4
Portugal	66,236	1.8	42.5	18.8

MAIN BIRTH AND FERTILITY RATE INDICATORS. 2004



¹ Crude birth rate: number of live births per 1,000 inhabitants.

Of the total births to foreign mothers, 23.8% had a Spanish father. By nationality, the highest number of births to foreign mothers – 20.8% of the total – was to Moroccan women.

Another notable phenomenon is that the proportion of children born to unmarried mothers continues to rise. In 2004 one in four children were born outside of marriage, double the figure for 1995. The proportion of extramarital births is higher among foreign mothers (42.4%) than Spanish mothers (25.1%).

Mortality and Life Expectancy

The mortality rate (calculated as the number of deaths per 1,000 inhabitants) fell in the year 2004 to 8.71. The number of deaths recorded that year was 371,934, down by 12,894 on 2003.

The figure for foreign deaths was 9,399. Of these, almost three out of four corresponded to European Union nationals, who are generally older than other foreign nationals residing in Spain.

The infant mortality rate continues the downward trend initiated in the 1970s, when it was at almost 20 deaths per 1,000 inhabit-

ants. By 2004 this rate had dropped to four deaths per 1,000 births, half a point lower than the European Union average.

Meanwhile, life expectancy continues to rise. In 2004 it was 76.7 for men and 83.2 for women.

Marriages

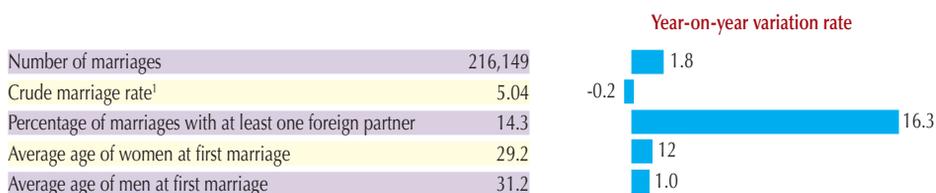
Spain has not been unaffected by the phenomenon experienced throughout Europe of postponing the age of marriage. In 2004 the average age at which men married was 33, and for women, for the first time ever, over 30. In 1975, men married at 27 and women at 24.

However, despite marrying later, Spaniards are still marrying at the same rate. The crude marriage rate (the number of marriages per 1,000 inhabitants) was 5.04 in 2004, compared with 5.2 a decade earlier. Both rates, however, are well below the figure of 7.6 obtained in 1975.

Postponement in the age of marriage is clearly affecting the above-mentioned postponement in childbearing.

In 14.3% of the 216,149 marriages that took place in 2004, at least one of the part-

MARRIAGE RATE. MAIN INDICATORS. 2004



¹ Crude marriage rate: number of marriages per 1,000 inhabitants.

ners was a foreign national. Of these, 43.9% were marriages between Spanish men and foreign women, 29.3% between Spanish women and foreign men, and 26.8% between two foreign nationals. These figures suggest that immigrants tend to marry Spaniards rather than nationals of other countries.

With regard to marriage ceremonies, the civil variety is becoming increasingly more popular, to the detriment of religious weddings. Between 1996 and 2004 the percentage of civil marriage ceremonies rose from 23% to 37%.

Changes in Household Composition

Spanish households have changed considerably in both structure and size since the late 20th century. This is largely explained by the increase in divorces and separations, the decrease in the average number of children, the postponement in offspring gaining independence and the increase in the number of elderly people, plus a variety of less important factors.

As a result of these various phenomena, the size of Spanish households is declining. According to the census data, average household size dropped from 3.2 people in 1991 to 2.9 in 2001. Similarly, the percentage of households with six or more people halved.

Meanwhile, the number of one-person households has almost doubled. This is mainly due to the following three reasons: the number of single people living alone has doubled; the

number of women over 65 and living alone has risen by 50%; and the increase in marriage breakdowns has produced over 270,000 single-person households occupied by men or women who are either separated or divorced.

After single-person households, the predominant model in Spain is the household occupied by a couple and two children (17.7% of the total), closely followed by the childless couple model (17.3%).

Couples with three or more children continue to decline significantly. Only 3.6% of the couples with children are remade families – a biological parent and a stepparent with children from other marriages. However, this indicator is likely to grow in coming years as a result of the upward trend in the number of divorces and separations.

The Young and the Elderly

The age at which young people cease to be dependent on their parents continues to rise. According to the census conducted by the Spanish Statistical Office (INE) in 2001, almost four out of ten people between the ages of 25 and 34 are still not independent. This affects men more than women. In fact, 43.5% of men in the 25-34 age group still live with their parents, as compared to 31.7% of women in the same age group.

The number of elderly people rose sharply between the two most recent censuses (1991 and 2001). Hence, the population over age 65 has grown by 26%. Of this figure, 1.3 million people live alone.

VARIOUS INDICATORS FOR THE COMPOSITION OF SPANISH HOUSEHOLDS

	2001	variation 2001/1991 (%)
Number of households	14,187,169	19.7
Single-person households	2,876,572	81.9
Average household size (persons)	2.9	-9.4
Young single people between 25 and 34 living alone	346,290	208.7
Young people between 25 and 34 living with parents	2,587,867	51.2
Childless couples	2,448,542	22.3
Couples with 3 or more children	853,831	-41.7
Remade families	232,863	—
Cohabiting couples	563,785	155.0
People aged 65 or over	6,796,936	26.6
People aged 85 or over living alone	199,362	160.0

Source: Population and Household Censuses 2001, Spanish Statistical Office.

More than half the number of men over 65 are married, whereas this is the case of only one in ten women in the same age group. The percentage of widows (79%) is almost double that of widowers (40%).

Population Projections

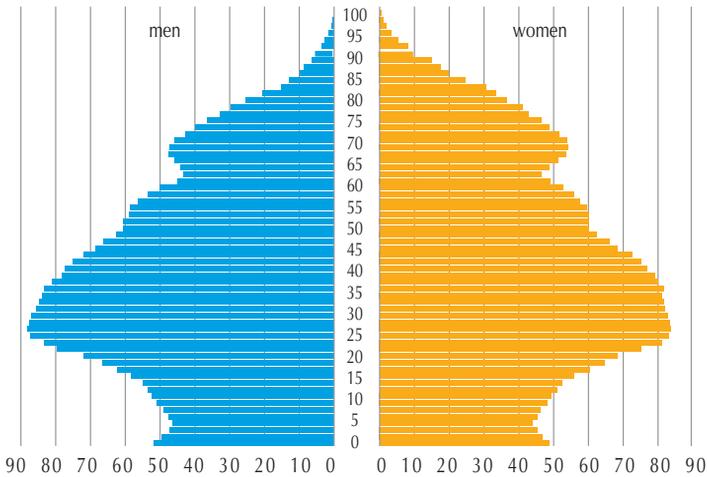
A knowledge of the future population, broken down at least by gender and age, is clearly vital for rational decision-making in a

number of fields, including education (at the various stages), health (and medical specialties corresponding to the age of individuals), pensions, etc. This knowledge is also necessary for planning the consumption of all kinds of goods and services.

Population censuses, which are conducted every ten years, provide insufficient information about the population in the intervening periods. However, they do provide a starting point for decisions of the above-

POPULATION PYRAMID. YEAR 2002

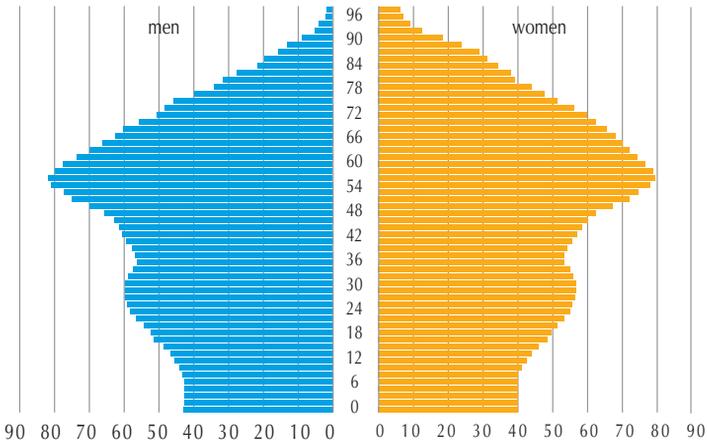
men + women = 10,000



Source: Spanish Statistical Office

POPULATION PYRAMID. YEAR 2035

men + women = 10,000



Source: Spanish Statistical Office

mentioned nature in that they shed light on the population of a country and its regions, in keeping with a series of variables, at a given point in time. The breakdowns by gender and age are usually taken as the starting point for calculating the future population with the same breakdown information.

Bearing in mind that the population at a given point in time is the result of an evolution experienced in the past by its various components – the mortality rate, the fertility rate and migrations (into and out of the country) – a census can be used to predict the future population based on the hypothetical evolution of the same three components.

As a result of the sharp increase in the immigration figures for Spain, the projections calculated on the basis of the Population Census of 1991 quickly became outdated and had to be reviewed.

The population breakdowns by gender and age that resulted from the 2001 Census provided the population base or starting point for new projections.

However, any consideration about the future population of Spain must take into account the fact that the broad variety of factors influencing the evolution of immigration

figures implies a significant degree of uncertainty about future arrivals and departures. This means that the projections are actually possible scenarios – that is, the results obtained illustrate the consequences, in the growth and distribution by age of the population, of the hypotheses on which they are based.

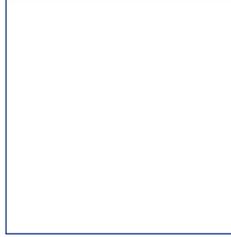
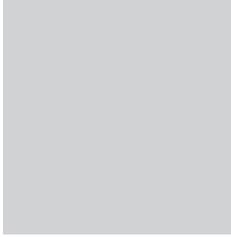
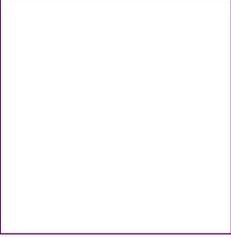
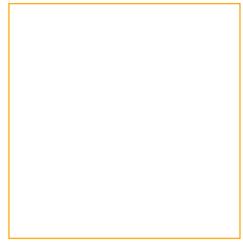
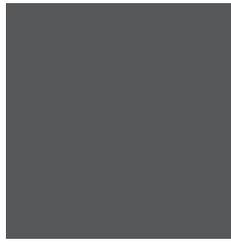
Hence, as a first scenario, the net influx of immigrants into Spain is predicted to continue its recent trend until 2010, after which it is expected to level off. The total number of immigrants entering Spain during the period 2007-2059 is expected to rise to 14.6 million. The global hypotheses are described in the following annex.

The most outstanding characteristic in the evolution of the population in Spain is its progressive ageing. This process is due primarily to the sharp and sustained decline in the fertility rate, and the increased life expectancy is a second influential factor. Although the massive influx of foreign nationals can slow this process down, it cannot stop it.

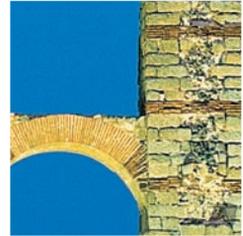
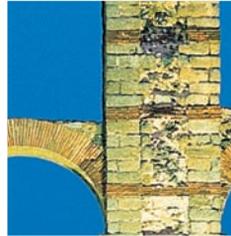
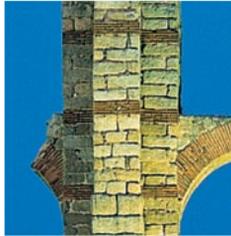
For further information, please visit the official website of the Spanish Statistical Office at www.ine.es.

ANNEX
Hypothesis for Scenario 1

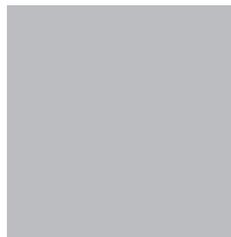
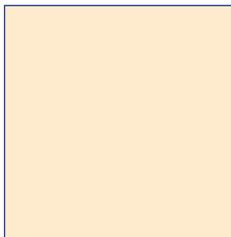
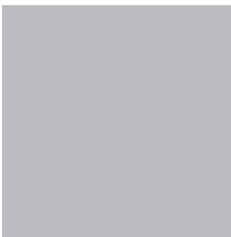
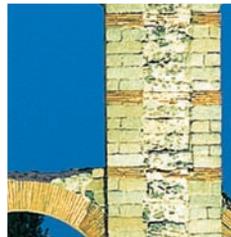
Years	Life expectancy at birth		Average number of children per woman	Average age at birth of first child	Net numbers of foreigners entering Spain
	Men	Women			
2002	76.63	83.36	1.26	30.82	647,867
2012	78.70	85.09	1.43	31.08	283,838
2022	80.05	86.22	1.52	31.11	278,659
2032	80.99	87.00	1.53	31.15	273,481
2042	80.99	87.00	1.53	31.15	268,302
2052	80.99	87.00	1.53	31.15	263,124
2059	80.99	87.00	1.53	31.15	259,499



CHAPTER II



HISTORY
AND CULTURE



The Persistent Traces of the Roman Presence

The Roman presence on the peninsula basically followed the same pattern as the Greek commercial bases, but unlike the Greeks, Rome's introduction to Iberia was the result of a power struggle with Carthage to gain control of the Western Mediterranean during the 2nd century B.C. In any case, it was at this point that the Iberian Peninsula as a geographic unit entered the arena of international politics and, by virtue of its privileged location between the Atlantic and the Mediterranean and its rich agricultural and mineral resources in the south, became a much-coveted strategic objective.

The Roman invasion and eventual conquest of the peninsula took place over the long period between 218 and 19 B.C. The Romans were alarmed by the Carthaginian expansion to the northeast; like Napoleon centuries later, they believed that the Ebro River delineated a natural boundary with Gaul, which was then a Roman province.

This conflict of interests led to the Second Punic War. While Hannibal was making his legendary journey across the Alps, the Roman legions were attacking his Spanish base at Carthago Nova (present-day Cartagena), with its seaport and mines. Hannibal's defeat by Publius Cornelius Scipio (209 B.C.) not only marked the beginning of the end for his army in Italy; it was also the beginning of the Roman conquest of Spain.

The Romans did not just want to replace the Carthaginians, but to extend their dominion to the rest of the peninsula. However,

these plans met with considerable resistance, particularly in the interior.

Of the numerous confrontations that took place throughout the Roman conquest of the inland region of Hispania, the most famous was the so-called Celtiberian-Lusitanian War, which lasted for twenty years (154-134 B.C.). The war tactics of the Lusitanian chief Viriathus and the legendary, although unsubstantiated, collective suicide of the people of Numantia under siege by the Romans were much celebrated by Latin historians.

The Roman presence in Hispania lasted seven hundred years, during which time the basic boundaries of the peninsula in relation to other European countries were established. The interior divisions drawn up by the Romans seem curiously prophetic: Lusitania, Tarraconensis and Baetica. But the Romans bequeathed more than just a territorial structure; they also left institutions such as the family unit, language, religion, law and the concept of the municipality, and their assimilation situated the peninsula firmly in the Greco-Latin and later the Judaeo-Christian world.

The Romans mainly settled along the coasts and rivers, bequeathing the enduring importance of cities such as Tarragona, Cartagena, Lisbon and particularly Mérida. Meanwhile, the vast array of public works such as roads, bridges, aqueducts, temples, arches, theatres, amphitheatres and circuses clearly reflects the geographical distribution of Roman settlements on the peninsula. However, at the beginning of the 5th century A.D. the map of Roman colonisation began to change dramati-



Roman aqueduct
of Los Milagros.
Mérida.

cally when a variety of Germanic peoples marched into the peninsula and settled in the interior, in the case of the Visigoths, and in the west, in the case of the Suebi. At the same time, certain phenomena had been gaining momentum since the 3rd century A.D. such as the reduction of the urban population, the construction of fortifications around cities, the extension of *latifundismo* (the division of the land into large estates), the lack of safety in rural areas and the weakening of the state as an institution. On the other hand, local oligarchies were becoming more powerful as they offered safety in return for loyalty. A major event of this period was the beginning of the Christian conquest of Hispania, although its exact origins are still unknown. St. Paul was probably present in Hispania between 62 and 63 A.D., and Prudentius' narrative of the 3rd century persecution of Christianity mentions dioceses and martyrs. Following Constantine's Edict of Milan, which granted religious freedom, the first Council of the Spanish Church was held in 314 A.D.

The Visigoth Kingdom: First Attempt at Peninsular Unity

By the 5th century the Visigoths were already a Romanised people who saw themselves as the perpetrators of the extinct imperial power. Around the mid 500s, the pressure exerted by the Suebi in the west (Galicia), the Cantabrian-Pyrenean shepherds in the north, and the Byzantines in the south (Baetica) on three different fronts led them to establish their capital in Toledo at the centre of the peninsula.

Integration between Visigoths and Hispano-Romans was both rapid and successful. It was also greatly facilitated by King Reccared's conversion to the Catholic faith at the 3rd Council of Toledo (589), which enabled the Church to acquire a predominant and fiscal role in politics through the celebration of a series of Councils of Toledo and the adoption of relatively similar social structures, contained in the *Liber Iudiciorum* promulgated by Recceswinth that basically unified Visigothic and Hispano-Roman law. Both cultures boasted a landed aristocracy

and an ecclesiastical aristocracy, and both institutions favoured the autonomy of the nobility at the expense of royal power.

Muslim Spain: Cradle of a Flourishing Culture

It was precisely one of the ostracised noble clans, the Witiza family, which brought about the collapse of the Visigothic state at the beginning of the 8th century by appealing for help to the Arabic and Berber troops on the other side of the Straits of Gibraltar. In fact, the degree of disintegration within the Visigothic state apparatus enabled the Muslims to secure isolated pacts with the semi-independent aristocracy hostile to the Crown.

By the mid-8th century, the Muslims had consolidated their occupation of the land, and in Cordoba the Umayyad prince Abd al-Rahman proclaimed himself emir of a new state, independent of Damascus. During the first third of the 10th century, a member of the Umayyad dynasty in Hispania, Abd al-Rahman III, restored and expanded the state of Al-Andalus and became the first Spanish caliph.

The proclamation of the caliphate had a dual purpose. In the interior, the Umayyads were keen to reinforce the peninsular state. In the outlying territories, their quest was to consolidate the commercial routes in the Mediterranean that would guarantee economic relations with the eastern basin (Byzantium) as well as the supply of gold. Melilla was occupied in 927 and by the middle of the same century the Umayyad Caliphate controlled the triangle between Algeria, Sijilmasa and the Atlantic. The small Christian enclaves in the north of the peninsula became modest fiefdoms of the caliph, whose superiority and arbitration they recognised.

The foundations of Muslim Spain's hegemony rested on considerable economic power derived from substantial trade, a highly developed crafts industry and farming methods that were much more efficient than those employed in the rest of Europe.

The Caliphate of Cordoba was the first urban and commercial economy to flourish in Europe since the fall of the Roman Empire.



Medina Azahara.
Cordoba.

Moreover, its capital and main city, Cordoba, had a population of approximately 100,000, which made it the largest urban centre in Europe at the time.

Muslim Spain produced a flourishing culture, especially following the accession of the caliph Al-Hakam II (961-976), who is attributed with creating a library of several hundred thousand volumes – an inconceivable feat in Europe at the time. The most characteristic trait of this culture was its swift re-adoption of classical philosophy, most notably by Ibn Masarra, Abentofain, Averroes and the Jewish philosopher Maimonides. But above all, Hispano-Muslim scholars were noted for their contributions to the fields of medicine, mathematics and astronomy.

The fragmentation of the Caliphate of Cordoba occurred at the end of the first decade of the 11th century and was brought about by the intense military aggressions perpetrated by its last leaders, combined with asphyxiating fiscal pressure. The successors of the unitary caliphate were known as *taifas* or petty kingdoms, and the word has passed into the Spanish language as a synonym of the ruin that generated the fragmentation and disunity of the peninsula. As a result of this gradual weakening of the state, by the mid-13th century Muslim Spain had been reduced to the Nasrid kingdom of Granada.

From the Early Christian Resistance to the Reconquest of Spain

The first Christian uprising occurred in the first third of the 8th century in Covadonga, located in the mountains of Asturias.

However, this early Christian resistance was more a question of survival than a deliberate offensive campaign or “reconquest.” In the 10th century, Alfonso III advanced from Oviedo to Leon, en route to the Duero River Valley. On the Meseta, this expansion led to the creation of the county and then the kingdom of Castile, which later united with the kingdom of Leon under the reign of Ferdinand III in 1230. Meanwhile, in 1143 the Atlantic flank of the peninsula became the kingdom of Portugal.

During the 12th and 13th centuries, the four main Christian kingdoms of the Iberian Peninsula were formed: Portugal, Castile-Leon, Navarre and Aragon-Catalonia.

From a continental perspective, the Reconquest took place within the context of the growth and offensive expansion that characterised the history of the western segment of Europe between the 10th and 13th centuries against Hungarian, Slavic and Muslim invaders. The result of these dynamics was the creation of the area we now call Western Europe around 1300 A.D.

By the final third of the 13th century the Muslim presence had been reduced to the

Nasrid kingdom of Granada until 2 January 1492. The end of the Reconquest – or, in Roman-Visigothic terminology, the recovery of Hispania – had a profound impact on Christian Europe, being regarded as compensation for the fall of Constantinople to the Turks.

Given that the Reconquest lasted so long, there were several periods of co-existence and even, at certain times in the 12th century, a type of frontier society. In any case, the Christian monarchs conquered through colonisation, offering land to anyone who promised to occupy, cultivate and defend it. This gave rise to transfers and migrations from the north of the Iberian Peninsula and Europe, a rare phenomenon in other latitudes at the time. Those colonisers gradually formed a peasant society that was comparatively freer than its contemporaries in other parts of Europe, where subjugation to the feudal lords was much greater.

Between the 9th and 11th centuries, these semi-free peasants were grouped into towns governed by elected councils to which the monarchs granted special charters (*fueros*) based on certain exemptions and privileges. Subsequently, in the 12th century, these burghers sat down with the other two branches of society – the nobility and the clergy – in assemblies known as *Cortes*, where they discussed and voted on matters pertaining to taxes.

The Catholic Monarchs: Peninsular Unity and the Imperial Enterprise of the Spanish Renaissance

The quest for unity did not end with the last military victory of 1492 and the conquest of Granada, but continued – in its ambition for religious, ethnic and cultural uniformity – with the expulsion that same year of the Jews who refused to convert to Catholicism and then of the *Moriscos*, or Moorish converts. The difficult situation in which the Jews found themselves was not confined exclusively to Spain. Since the Council of Letran in 1215, they had unfortunately suffered a similar if not harsher fate in the rest of Europe. Until 1492, Christian territory in Spain had been a melting pot of Jewish, Muslim and Christian cultures, most famously

giving rise to the so-called *disputas* or debates between scholars of the three cultures united in a movement sponsored by King Alfonso X and known as the Toledo Translation School. The work produced by this school enriched European culture with the science of the Greeks and the achievements of the Arabs.

Expansion of the calibre described above undoubtedly created a frontier economy with the acquisition of vast spaces. Since the 13th century the Hispanic kingdoms were based on rapidly growing societies, the dynamics of which were clearly reflected in the economic and political boom experienced by the kingdom of Aragon with the conquest of Sardinia, Sicily and Naples in the Mediterranean.

Thanks to a combination of economic interests and a seafaring vocation, Castile was able to occupy a vanguard position in the quest for and consolidation of new commercial routes with the East. In this race, the Castilians found an extremely active competitor in another Iberian state – Portugal. A first attempt at resolving the rivalry between the two kingdoms for the control of the maritime eastern trade routes was the Treaty of Alcaçovas. Signed in 1479, this agreement enabled Castile to maintain the Canary Islands in return for renouncing all eastern voyages around the African coast, which was assigned to Portugal. Such an unfair division can only be explained by the fact that the treaty also addressed an age-old issue of the Iberian states, namely, the unity of the peninsula.

Although the incorporation of Navarre in 1512 improved peninsular unity, the cycle of unification was really completed with the capture of Granada in 1492. That same year, Nebrija published the first grammar of a popular language – Castilian – and a Spanish fleet reached the coasts of America.

The legendary aura surrounding Ferdinand and Isabella, the Catholic Monarchs, has hindered the task of providing an adequate assessment of their context and a sober evaluation of their work.

Internally, they invested all their efforts in reinforcing the state apparatus and the authority of the Crown, seeking support in the exist-

ing legal and administrative institutions and creating new ones, often inspired by those of other European countries. Such was the case, for example, of the Tribunal of the Inquisition. Introduced at a later date in Spain than elsewhere, this court not only served religious purposes but was also an instrument used by monarchs to reinforce the authority of the state.

In 1492 the Spanish monarchy represented one of the earliest modern states in Renaissance Europe. Its outward expansion across the Atlantic (the Americas and Flanders) and the Mediterranean (Italy) was based precisely on this. Indeed, Spain's foreign policy at the time was orchestrated by the creation of a permanent state staffed by civil servants and diplomats, with a unitary but flexible and confederate concept of the monarchy.

Although Castile had lost its African routes to Portugal, its possession of the Canary Islands provided it with an excellent springboard for alternative routes. This is precisely what Christopher Columbus offered the state, which was clearly in need of such an offer, although it had prepared for and become accustomed to enterprises of this nature. By 1492 the united Spain boasted powerful war machinery, a solid econ-



José Gamelo. "First Offerings Made to Columbus in the New World" (detail). 1892. Madrid. Naval Museum.

omy, an international presence, experience at sea and in exploring new commercial routes, and considerable scientific and technical expertise: mathematicians, geographers, astronomers and shipbuilders, forged in the melting pot of the three cultures.

From the Discovery of America to the 20th Century

The Conquest of America: The New Frontier of the Largest Western Empire

By the mid-16th century, the main viceroyalties had been established and settled: Mexico on the Atlantic flank and Peru in the South American Pacific.

On 6 September 1522, Juan Sebastián Elcano returned to the peninsula as a survivor of the first circumnavigation of the world initiated by Magellan, thereby providing Spain with a route to the East. Thereafter, Havana-Veracruz (the Tierra Firme fleet) in the Atlantic and Acapulco-El Callao-Philippines (the China ship) in the Pacific, together with control of the Western Mediterranean – under eternal threat from the Turks – became the vital arteries of the Spanish Empire's overseas territories. The convoys of Spanish galleons maintained these routes open despite attacks from marauding English and Dutch ships until the decisive Battle of Trafalgar in 1805.

In many respects the conquest of America was similar to the peninsular expansion that preceded it. In both cases, confrontations were a last resort, used only after intense attempts to avoid them. The Spanish sought allies in the tribes they subjugated and in discontented leaders; they agreed to capitulations in exchange for privileges; they distributed the new lands among Spanish colonists; and they reorganised the indigenous settlements.

In Italy the Spanish monarchy adopted the tradition of engaging in confrontations with France and alliances with England. The Battle of Pavia in 1521, which resulted in the capture of King Francis I of France by the Spanish infantry regiments, consolidated Spain's superiority until the mid-17th century.

Eventually, in their quest to further Spain's diplomatic and commercial relations with the Netherlands, Ferdinand and Isabella joined the Spanish Crown to the Duchy of Burgundy. The fabulous legacy embodied in the Flemish Prince Charles, grandson of the Emperor Maximilian and the Catholic Monarchs, was to condition Spanish and European politics until the 18th century. The solution adopted by the Spanish Hapsburgs to manage this enormous legacy was to establish an all-encompassing, flexible monarchy, consisting of a constellation of kingdoms and domains united in a vast confederation around a single Crown. There would have been no unity without the figure of the king, since each kingdom maintained its own institutions, language, laws, and even its own borders.

The Carolingian Empire was therefore a conglomerate of territories randomly united under a common sovereign. The first consequence to arise from this was the complete absence of any attempt to create an institutional organisation common to the whole empire. Similarly, the second consequence was that no attempt was made to secure any type of political or economic cooperation between the various territories, which would have helped consolidate the idea of an empire – that is, the participation of all parties in a shared enterprise. The most notable achievement of Spain under the Hapsburgs was its ability to retain control over its vast territories spread around the world. No other state in the 16th and 17th centuries was faced with such an enormous administration problem. Spain had to explore, colonise and govern a new world.

The Spanish Empire and its “Black Legend”

This acceptance of differences by the Spanish Hapsburgs encompassed all domains except for one: religion. They strove to create a universal empire founded on the Madrid-Brussels-Vienna triangle, which did not sit well with the emerging nationalist states and was even less palatable to the individualist mindset of the Reformation. These two ingredients – nationalism and Protestantism – met head on in the Dutch uprising

against Philip II, who had succeeded the Emperor Charles in the Duchy of Burgundy and on the throne of the Spanish kingdoms in 1556.

The conquest of America was an attempt to annex the territory and subjugate the population. Just as the Roman Empire had done, language, religion, laws, administration and crossbreeding provided the vehicles for the Hispanicisation of America, all of which guided the continent firmly into the western fold. Several Spaniards, including Bartolomé de las Casas, spoke out against the abuses of the conquerors, which gave rise to the so-called “Black Legend” of Spanish cruelty in the Americas.

The issue became the subject of intense political debate; the so-called “Indian question” consisted of doubts regarding Spain's right of conquest, which was eventually justified as an evangelising mission. Against such a background it is hardly surprising that it was the Spanish, through Francisco de Vitoria, who first advocated the concept of international law.

Fiscal Crisis, Centralism and the Decline of the Spanish Empire

The state that had gradually been forged, first by the Catholic Monarchs and later by Philip II, was the prototype of the modern absolutist state. The Spanish Empire invented an administrative apparatus that was highly complex for the time, based on a system that put security before all else and attained enormous prestige. The state grew considerably, assuming responsibilities and duties that were too much for the increasingly impoverished agrarian society of the *ancien régime* to bear. But rather than reducing the size of the state and eradicating duties, the imperialists chose to asphyxiate society. The breakdown of the system became evident in 1640 with the rebellion of Catalonia and the separation of Portugal.

The decline of the Spanish Empire, brought about by fiscal exhaustion, coincided with a gradual disintegration of the confederated system, which was subjected to centralist practices. In addition to these two factors, Spain was also the victim of its own success: The incorporation of the Americas and the expansion of transoceanic navigation shifted the European

geo-economic axis from the Mediterranean to the Atlantic, and more precisely to the basins of the Thames, Rhine, Seine and Scheldt, relegating Spain to a peripheral position.

However, peripheral is not to be confused with marginal, and Spain maintained its status as a great power and a key player in Europe with the Americas and Naples still under its control. Following the Treaty of the Pyrenees in 1659, it had ceded its hegemonic role to the French kingdom of Louis XIV, which made the “Sun King” into the arbiter of European politics and France into the model for what was soon to become the reformed government of 17th century enlightened despotism.

Charles II, the last of the Spanish Hapsburgs, was childless and bequeathed his inheritance to a grandson of his sister Maria Theresa and Louis XIV of France, Philip of Anjou. Crowned King of Spain and the Indies in 1701, Philip V inaugurated the dynasty of the Spanish Bourbons. His reign prolonged the Enlightenment in Spain, a period of foreign policy equilibrium, reform and internal progress.

Spain under the House of Bourbon and the Enlightenment

The rest of Europe viewed the will of Charles II with suspicion. This led to the Spanish War of Succession (1705-1713), with the Treaty of Utrecht signifying victory for Philip V.

However, at Utrecht Philip V and his successors were obliged to renounce their Flemish inheritance. The official renunciation of Flanders constituted the end of the old universalising conception of the Spanish-Austrian monarchy and the beginning of the nationalisation of Spanish politics.

Balance and peace in Europe became the two goals pursued by Spain throughout the 18th century. However, this ambition was thwarted by England’s commercial and colonial expansion on the one hand, and by the rivalry between England and France on the other. Spain’s desire for neutrality and peace was best embodied by Ferdinand VI (1746-1759).

During the reign of Charles III (1759-1788), the politics articulated by Prime Minister Flori-

dablanca managed to keep Spain out of military conflicts, despite a tentative intervention in the American War of Independence. Charles III’s legacy was a country at peace and well on the road to progress, and it took a long time for the French Revolution of 1789 to derail this peaceful, non-interventionist policy.

The germination of a Spanish nationality in foreign policy was accompanied by a parallel phenomenon in the country’s domestic politics; indeed, the two developments were closely related. During the War of Succession, the Kingdom of Aragon had backed the Austrian candidate, a choice that presented the victorious Philip V with a perfect excuse for embarking on what was to become a chain of profound reforms in the structure of the state and the Spanish government. The Decree of *Nueva Planta* (or new approach, which aimed to reorganise the country) was to internal politics what the Treaty of Utrecht was to foreign policy, as it implied the extension of the Castilian administrative structure to the Kingdom of Aragon and the abolition of Aragon’s *fueros* or special charters, thus bringing the confederate monarchy of the Hapsburgs to an end. This marked the first step on the road to centralisation, which was completed a century and a half later by liberal governments.

The disproportionate and chronic deficit of the 17th century was reduced and a tendency towards budgetary balance recovered, which was only broken at the end of the 18th century. The country’s improved financial management was brought about by another two factors: less was spent on foreign ventures and more taxes were collected, not only as a result of a more efficient fiscal system but also because Spanish society was more prosperous.

The Bourbons were exemplary figures of the reformism of Europe during the Enlightenment. They sought progress and efficient organisation for the country according to the theories of their time, which were influenced by mercantilist ideas, interventionist methods and, to a lesser degree, liberal impulses.

A major step forward was made with the removal of all obstacles to trade and industry. The elimination of “dry ports,” which economi-

cally isolated certain areas from others, and the opening of all the ports in the kingdom provided a major boost to the trade conducted not only between these national ports but also with foreign ports, so that by the end of the century 75% of the trade with the Americas had been recovered. Similarly, the Catalonian cotton industry began to take off; this growth was so pronounced that, prior to the French invasion of 1808, it represented two-thirds of the British cotton industry. The progressive liberalisation of farm prices and the limitation of the privileges of the Mesta (a powerful association of sheep ranchers in the medieval Kingdom of Castile) contributed to provide a greater quantity of land for cultivation and an increase in agricultural production.

However, in Spain as in the rest of Europe still governed by the social order of the *ancien régime*, the land problem consisted of vast expanses purloined from the market and placed in the hands of either the Church – which owned 15% of the cultivable area – the municipal councils or the nobility. The confiscation policy initiated – albeit timidly – by the enlightened governments formed part of a general policy aimed at reducing tax and other exemptions, special privileges, judicial and

Francisco de Goya. "Gaspar Melchor de Jovellanos." 1798. Madrid. National Prado Museum.



territorial domains, and even the ecclesiastic and noble populations (the former still represented 3% of the total population, while in the latter case the number of gentry fell from 700,000 in 1763 to 400,000 in 1787).

The Bourbons also did away with a large proportion of the motley administrative apparatus inherited from the Hapsburgs and reduced the Councils. They promoted the creation of *Secretarías* (Ministries) and direct dealings with the king as part of a plan intended to marginalise the upper nobility from, as Louis XIV of France put it, “anything that could give them part of the government”. The Bourbons recruited their senior civil servants from among the local and enlightened lower nobility, giving rise to a new social category – an ambitious middle-class nobility eager for advancement at the service of the state.

These civil servants were people of their time, enlightened in their thinking and convinced of their reforming mission, alert to the ideas of the period, often with foreign friends and a command of other languages. For example, Floridablanca was a friend of Benjamin Franklin and kept up a correspondence with Voltaire. In his *Informe sobre la Ley Agraria* (*Report on the Agrarian Law*), Jovellanos demonstrated his knowledge of the recent reforms introduced by Adam Smith, and he also wrote frequently to Lord Holland. The paradox lay in the fact that neither of these two figures enjoyed a reputation among their fellow countrymen, although at least they did not suffer the sad fate of Esquilache, whose reforms met with such widespread opposition that he had to go into exile.

The Napoleonic Invasion and the War of Independence

The Treaty of Fontainebleau (1807) permitted the French army of Marshal Junot to cross the Pyrenees and advance towards Portugal, and although the French entered Lisbon they did not leave Spain.

The crisis of the *ancien régime* that paved the way for the Napoleonic invasion was also a dynastic crisis that severely undermined the enormous prestige and authority of an an-



Francisco de Goya.
 "The Third of May 1808."
 Madrid. National Prado
 Museum.

cient Crown. When Charles IV abdicated in favour of his son, the monarchy was irreparably damaged.

The political regime that the Bonapartes attempted to unify was laid out in the Statute of Bayonne, signed on 8 July 1808. Although this document is tremendously important from a historical standpoint, it never had any legal or practical significance because it was never enacted. It was, however, the first constitutional text to appear in Spain.

The reforms established in this Statute could not be implemented by Joseph Bonaparte due to the fact that a huge proportion of the Spanish population rejected them, as they saw the new monarchy as illegitimate and the product of an act of treason.

The result was a general uprising on 2 May, which was immortalised in Goya's paintings.

The War of Spain, as the French called it, lasted six years. The Spanish christened it the War of Independence, and it was an all-out war that raged throughout the entire country. A minority of Spaniards, albeit fairly numerous, actually supported the intruder king. The luckier ones became some of contemporary Spain's first political emigrants. The *disasters* that Goya reflected in his paintings clearly evoke the cruelty of a long struggle in which the guerrilla parties used the strategy

of preventing normal life in the country as way of perpetually harassing the invaders.

Senior Provincial Juntas emerged spontaneously in most of the Spanish provinces, but in the face of military defeats and the lack of financial resources they eventually saw the need for a higher structure to coordinate all their efforts, giving rise to the creation of the Central Junta.

The Central Junta appointed a Regency, founded in the city of Cadiz, which summoned the *Cortes* (Parliament).

The Constitution of 1812

The inaugural session of the new *Cortes* was held on 24 September 1810 and was attended by approximately 100 representatives, around half of whom were stand-ins. This gathering ratified the following basic principles: that sovereignty lay with the nation, that Ferdinand VII was the legitimate king of Spain, and that the representatives were entitled to parliamentary immunity.

The Constitution of 1812 proclaimed the figure of the king to be sacrosanct and immune, not subject to liability and with the right to sanction and enact laws. It also established the number of ministers, who were accountable for the king's actions and in the *Cortes* for compliance with the law of the land.

In relation to the judiciary, the courts were responsible for applying the law, and the revolutionary concept of procedural law was introduced. Only two special *fueros* or charters were granted: to the clergy and to the militia. The constitution also proclaimed the equality of all Spaniards in the eyes of the law and the irremovability of judges and civil servants.

Primary schools were contemplated for every town in the land, plus a single education system for the entire kingdom. Freedom of expression and of the press was also established.

A Century of Liberal Revolutions and Moderate Governments

When the Spanish diplomats attended the Congress of Vienna in 1814, they represented a victorious state but a devastated and divided nation. The profound crisis in the mother country had severely damaged the Latin American Empire, from which continental America separated in 1824 following the Battle of Ayacucho. In the words of the Count of Aranda, the Spanish Empire had coped better with the small defeats of the 17th century than with the violent victories of the 19th century.

The patriots of Cadiz had responded to the dynastic crisis and the power vacuum with three main stances on national sovereignty. For some, this lay with the Crown and the traditional institutions (the *Cortes*); consequently, they initially defended a return to an absolutist regime (1815-1819), then a more moderate one (1824-1834), and eventually adopted the name of Carlists to signify their support of the king's reactionary brother, Don Carlos. Others defended a nation based on the *Cortes* and the King. These subsequently became known as moderate or doctrinarian liberals (between 1834 and 1875), and then as conservatives (1876-1923). Finally, a small but highly active group supported the idea of national sovereignty based exclusively on the Spanish people. A more moderate version of the French Jacobins, these went down in history first as *exaltados* or extreme radicals (1820-1823), then as progressives (1823-1869), and finally as constitutionalists (1870-1880) and fusionist liberals (1881-1923).

The Carlists had a strong following in the countryside – especially in the north (Basque Country and Navarre) and in the hinterlands of Catalonia – and to a certain extent they represented the rebellion of rural society against urban society. They were also supported by the lower clergy and autocratic powers such as Russia.

Politically, Carlism advocated the return of the *ancien régime*. By contrast, the liberals – who defended the succession of Isabella II, daughter of Ferdinand VII – desired a radical change to create a society made up of individuals who were equal in the eyes of a law that would guarantee human rights. Their victory must be viewed within the context of British support for liberal causes, especially in the Latin world, as opposed to Russian expansionism, and the victory of the liberal monarchy in France in 1830.

The liberals legislated in accordance with individual-egalitarian principles. They abolished privileges and legal exemptions, did away with judicial domains, and dissociated entailed estates from the Church and local authorities, thereby making millions of hectares available for the market and vastly increasing the quantity of cultivable land and agrarian production. At the beginning of the century, Spain imported wheat and ate rye bread, while by the end of the century it exported cereals and the bread was made from wheat. The liberals also believed in the free market, and through the confiscation of land they attempted to create a much wider, national market to achieve a victory over absolutism. However, they did not pursue an agrarian reform like that advocated by other powers years later, in the 20th century.

The Impossibility of Rotation and the Coup d'état Tradition

The liberals, who believed they had solved a problem of state, were in fact creating one of government by drawing up constitutional and electoral legislation that was markedly biased and designed to ensure the permanence in power of their party. This turned rotation of office into the Spanish political problem par ex-

cellence, although in reality it was also a conflict deeply rooted in social issues, for the small parties of the time sought supporters among the employed, unemployed and job seekers, all from the urban middle classes and dependent on power for their survival.

For decades, monopolist practices alternated with mutinies and military coups, and until 1870 in Spain the military uprising was the basic and daring – but no less effective – instrument used by the parties in opposition to impose the rotation denied to them by governments entrenched in office.

An oversized, ambitious and undisciplined officers corps, eternally exposed to the threat of being discharged, with no job and only half pay, were easy prey for political groups keen to take by force what the exclusivist policy of the party in power denied them.

However, it would be mistaken to view these coups as armed conflicts: they simply provided a method for precipitating political solutions with a minimum of military confrontations. In 1868, what started out as a classic coup staged by the progressives degenerated into a revolution that deposed Isabella II and ushered in a six-year period of strong political mobilisation with the establishment of a provisional government and the enactment of a new constitution (1869) that paved the way for the ephemeral reign of Amadeus of Savoy (1869-1873).

The First Republic: The Carlist Uprising

Following the abdication of Amadeus I, who lacked popular support, on 11 February 1873 the National Assembly (Congress and Senate) proclaimed the First Republic by 258 votes to 32 against. Although extremely short-lived – it only lasted until 29 December 1874 – this republic advocated new theories that shaped the immediate future: federalism, socialism and cantonalism. Following four successive presidencies – Estanislao Figueras, Francisco Pi y Margall, Nicolás Salmerón and Emilio Castelar – the coup d'état led by General Pavía dissolved the National Assembly (3 January 1874) and on 29 December of the same year, following the uprising led by

General Martínez Campos, the monarchy was restored in the person of Alfonso XII, Isabella's eldest son. The Republic met with a major uprising of the Carlists. The general political sentiment had begun to swing from the extreme right to the extreme left, in keeping with events in Europe at the time, such as the Paris Commune in 1871 and the conservative reaction it provoked.

The liberals soon became disillusioned with the revolution and frightened by the Carlist reaction. All of these sentiments provided the ideal conditions for the Restoration of Alfonso XII.

The Restoration: The Loss of the Last Colonies

The beginning of Alfonso XII's reign was marked by two successes: the end of the Third Carlist War and the approval of a new constitution (1876), and a certain stability based on the existence of two political formations that represented the majority of the electorate: the Conservative Party led by Cánovas, supported by the court and *latifundista* aristocracy, landowners and people of independent means, and Sagasta's Liberal Party, whose members included people from the professional and middle classes, as well as merchants and industrialists. Their rotation in power, especially after the death of the king and the regency of his wife Maria Christina (1885-1902), gave rise to a period of stability interrupted only in its last phase by the incidents and confrontations in Morocco and the loss in 1898 of the last two remaining colonies: Cuba and the Philippines.

The Early 20th Century

The dawn of the 20th century in Spain was marked by a series of profound unsolved problems. Some of these problems were structural; the population had almost doubled since the beginning of the previous century, rising from 11 to 18.5 million in a land of limited resources. There were also agrarian problems: *latifundismo*, low yields and a high percentage of land left uncultivated. In addition to these problems, capital funds and the existing infrastructure were insufficient to launch heavy industry, and consumer capacity was very low, all of which gave rise to a protectionism that was both costly and for the most part non-competitive.

At the same time, the political problems that had arisen in the previous century became more acute. In addition to the political and intellectual frustration resulting from Spain's loss of influence on the world stage, plus the disappearance of its colonial empire, the country now had to face the regionalist problem, either in the form of federalism or claims for a return to the old regime of *fueros*, the system of special privileges that had characterised the Carlists. Similarly, the cantonalism expressed during the ephemeral First Republic raised its head again. However, the main problem undoubtedly emerged from the social and trade union movements of the working class, which was destined to play a historic and decisive role throughout the 20th century.

Working class associations first emerged in Spain in 1830 and gave rise to moments of great social agitation, even including a general strike (1855). In 1868, Fanelli, a follower of Bakunin, established sections of the International Workers' Association in Spain, rapidly recruiting 100,000 members in Catalonia and Andalusia. After several periods of action and successive repressions, in 1911 the movement evolved into the CNT (Confederación Nacional del Trabajo – National Confederation of Labour), which retained the support of the Spanish working class until the end of the Civil War. The arrival in Spain of Lafargue, sent by Marx, failed to halt the development of Bakunism, as described by F. Engels in his famous collection of articles.

On 2 May 1879 the PSOE (Partido Socialista Obrero Español – Spanish Socialist Workers' Party) was formed, followed in 1888, after several conferences, by the formation of the socialist union UGT (Unión General de Trabajadores – General Workers' Union). The socialist claims found a wide support base in industrial areas: among miners in Asturias, metal workers in the Basque Country and printers in Madrid.

In Catalonia powerful regional parties emerged, such as the Regionalist League that won the elections in Barcelona in 1901. The Basque Nationalist Party (PNV) was founded in 1895. One more splinter action also took place during this period – the separation of political Spain from intellectual Spain. The confrontation between traditional ideas and progressive

ideas also spread to the literary and scientific fields, where the most important intellectual movement, Krausism (based on the ideas of German philosopher Karl Christian Friedrich Krause), had a particularly strong influence on education – the freethinking *Institución Libre de Enseñanza* run by Giner de los Ríos – and on research – the so-called *Junta para la Ampliación de Estudios* (Board of Further Study) promoted and run by Cajal, Castillejo and Bolívar. Spanish intellectuals, creators of extraordinary philosophical, literary, historical and scientific schools of thought – Unamuno, Ortega, Azaña, Altamira, Sánchez Albornoz, Menéndez Pidal, Marañón, Negrín, Moles and many others – took sides and, in some cases, served as political leaders in the dilemma of 1931.

Spain and the First World War: The Authoritarianism of Primo de Rivera

In 1902, Alfonso XIII took the throne and the emergence of new political forms threw the Canovite and liberal-conservative two-party system into crisis. There were also several important expressions of social unrest, such as the Tragic Week of 1909 in Barcelona and popular resistance to the drafting of troops for the war in Morocco.

Spain's neutral position during the First World War was only a parenthesis. Price increases and the contraction of the European market generated enormous instability, leading in 1917 to the summons of the Parliamentary Assembly in Barcelona, which recommended the reform of the constitution, and a general strike in August of the same year.

Following the failure of constitutional reform, the regional problem re-emerged, this time more acutely, and there were outbreaks of social and peasant unrest in both Andalusia and Catalonia. Coinciding with all of this (1921), the PCE (Partido Comunista de España - Communist Party of Spain) was formed when the PSOE failed to join the Comintern, created as a consequence of the victory of the October Revolution in Russia.

But above all, the crisis was rooted in the Moroccan War. When Spanish troops were massacred at Annual (1921), unleashing a



The republican administration under Azaña's presidency, 23 June 1933. From left to right: José Franchy Roca (Industry and Commerce), Marcelino Domingo (Agriculture), Largo Caballero (Labour), Lluís Companys (Naval Affairs), Francisco J. Barnés (Public Instruction), Agustín Viñuales (Internal Revenue), Manuel Azaña (Head of Government), Fernando de los Ríos (Foreign Affairs), Álvaro de Albornoz (Justice), Santiago Casares Quiroga (Interior), Indalecio Prieto (Public Works).

wave of criticism against the government and the military administration, General Primo de Rivera staged a coup d'état (13 October 1921) and installed a military government.

Described as "mild despotism", Primo de Rivera's dictatorship attempted to solve several problems by ending the Moroccan War, developing infrastructure for the country and promoting public works. Although ideologically aligned with the authoritarian regimes in Europe, it adopted a more traditional, monarchic and Catholic philosophy than the one adopted in Mussolini's new state. Its failure was mainly political, despite attempts to create a single party and involve certain sectors of the workers' movement in political life. Neither was it able to re-organise industrial relations on the basis of corporations, nor solve the agrarian and regional problems.

An attempt to reform the constitution through the creation of a consultative National Assembly in 1926 also failed to materialise, and when the financial crash of 1930 occurred, the dictator was forced to resign. He was replaced by General Berenguer.

The Collapse of the Monarchy and the Second Republic

In August 1930, Republican, Socialist and Catalan nationalist politicians signed the Pact of San Sebastian, and on 12 December a military uprising in favour of the republic took place in Jaca. Officers Galán and García Hernández were shot, which led to the resignation of Berenguer, and a group of intellectuals – Ortega y Gasset, Marañón, Pérez de Ayala – declared themselves to be "At the Service of the Republic".

The last monarchic government was formed in February 1931 and immediately called municipal elections for 12 April, resulting in victory for the left and the Republicans in the main cities. On 14 April the Second Republic was proclaimed. Alfonso XIII left Spain and went into voluntary exile.

The Republicans called general elections on 28 June, announced religious freedom and drew up a new constitution, approved on 9 December. Its preamble stated, "Spain is a democratic republic of workers of all classes,

organised in freedom and justice. The powers of its bodies rest with the people. The republic is a fully-integrated state, compatible with the autonomy of the municipalities and the regions." The organisation of the state was expressed as democratic, secular, decentralised, and equipped with a single representational house and a Constitutional Court.

A preoccupation with reform marked the first two years of the republic (1931-1933) under the leadership of Alcalá Zamora and Azaña, who adopted a three-pronged approach: the Basic Law of Agrarian Reform, the solution to the regional problem with statutes of autonomy for Catalonia and the Basque Country, and a particular emphasis on educational and cultural policy. However, two issues created considerable tension: religion and military policy, which the Azaña Law failed to solve and only aggravated even further. Evidence of this was provided by General Sanjurjo's abortive coup on 10 August 1932. The following year began with the repression of the uprising at Casas Viejas and municipal elections that showed a clear swing to the right. This trend was represented by the CEDA (Confederación Española de Derechas Autónomas—Spanish Confederation of Autonomous Right-Wing Parties) (Gil Robles); Renovación Española (Spanish Revival) (Calvo Sotelo) and *Comunión Tradicionalista* (Traditional Communion). On 29 October, José Antonio Primo de Rivera founded the Falange Española, or Spanish Falangist Movement.

New general elections on 19 November gave a clear victory to the right and the administration led by Lerroxx and CEDA was formed. The new government revoked several laws, including the Agrarian Reform, and issued an amnesty for the rebel troops involved in the abortive coup of 1932. Following Lerroxx's resignation, the *Cortes* were dissolved and the elections of 16 February 1936 were won by the Popular Front, a coalition group uniting Azaña's Republican Left, *Esquerra Catalana* led by Companys (Catalonian Left), Largo Caballero's Socialist Party, Martínez Barrio's Republican Union and the Communist Party. The initial government led by Azaña announced a general amnesty and reinstated the agrarian reform

and the statutes of autonomy for Catalonia and the Basque Country, and later Galicia. In May, Azaña was elected President of the Republic and Casares Quiroga set up a new administration. On 17 July, the military forces at the Melilla garrison staged an uprising, marking the outbreak of the Spanish Civil War.

The Military Uprising and the Outbreak of the Civil War

The tragic assassination of Calvo Sotelo simply precipitated a military coup that had been planned for some time. The uprising finally began on 18 July, and the following day Francisco Franco took command of the army in Morocco. By the end of 1936, the Nationalist troops had seized most of Andalusia, Extremadura, Toledo, Ávila, Segovia, Valladolid, Burgos, Leon, Galicia, part of Asturias, Vitoria, San Sebastian, Navarre and Aragon, as well as the Canary and Balearic Islands, except for the island of Minorca. Madrid, New Castile, Catalonia, Valencia, Murcia and Almeria, Gijón and Bilbao became Republican bastions.

The Republican government formed a coalition cabinet led by Giralt, succeeded in his post by Largo Caballero, who brought in representatives of the CNT and moved the cabinet to Valencia. On 29 September the National Defence Committee appointed General Franco head of the government and commander-in-chief of the army. The Republican government reacted to this by creating the Popular Army and reorganising the militias into professional armies. Help from abroad also arrived for both bands – the International Brigades to support the Republicans, and Italian and German troops to provide assistance to the Francoist troops.

The year 1937 was characterised by an intensification of the war in the north. The Republicans reacted by establishing fronts in Guadalajara (March), Brunete (July) and Belchite (August). The year closed with the beginning of the Battle of Teruel. At that time, the Francoist troops concentrated their efforts in Aragon, winning back Teruel and, after their triumphal entry in Castellón in June 1938, dividing the Republican zone in two. The government response was the so-called Battle of the

Ebro (July–November 1938), which ended with a Republican defeat and 70,000 lives lost.

Having lost their final stronghold, the Republicans began to seek exile in France and on 10 February 1939 the Francoist troops claimed control of Catalonia. Only Madrid still held out, and when the peace proposals of its Defence Committee (Casado, Besteiro) failed, the Francoist troops occupied the capital on 28 March 1939. A final war dispatch by General Franco on 1 April announced the end of the conflict.

Franco's Dictatorship

The new regime was characterised by three factors: repression of the defeated band, economic hardship, and a modification of the internal balance of power as the result of changes on the international stage brought about by World War II. Despite an initial declaration of its neutrality and then its “non-belligerence”, the new government became isolated from the outside world. Franco met with Hitler and Mussolini, thereafter entrusting foreign policy to the Germanophile Serrano Suñer.

Although diplomacy under France played the anti-communist card, it could not avoid condemnation from the United Nations, the withdrawal of ambassadors and the closure of the French border.

In economic terms, international isolation and, to a lesser degree, ideological differences generated an autocratic and corporatist approach, which more or less accompanied the regime throughout its history. In agricultural terms, the country experienced a dramatic regression in relation to previous periods, giving rise to a shortage of basic supplies and the introduction of rationing.

The Cold War and Economic Development

The beginning of the Cold War provided a boost for Franco's regime, although Spain was excluded from the reconstruction of Europe. In 1953, the Holy See signed a concordat with Spain and the United States signed a treaty of reciprocal aid in military matters.

Meanwhile, in the political arena, the UN accepted the renewal of diplomatic rela-

tions in 1950, and in 1955 Spain occupied its seat in the international forum. A year later the Spanish protectorate was abolished in Morocco, which declared independence.

Social unrest had emerged, albeit timidly, in the 1951 labour strike in Barcelona and later with the first student riots in 1956. Extraordinarily high inflation led to the introduction of a Stabilisation Plan (1959) to offset the lack of currency. Although the effect of this was economic stagnation and new outbreaks of social unrest in Asturias, it did pave the way for the First Development Plan (1963), which was merely orientational for the private sector but binding for the public sector. In order to promote regional and local development, the so-called “development poles” – areas zoned for economic activities – were created.

Drawn up according to guidelines issued by the International Monetary Fund and the European Organisation for Economic Cooperation, the Stabilisation Plan boosted the economy and laid the foundations for an autocratic model of development. In accordance with these guidelines, in 1967 the Spanish peseta was devalued and in 1968 the Second Development Plan, similar in scope to the first one, was launched. By this time the population of Spain had reached 33 million, of which 12 million (38.3%) represented the working population, virtually distributed into three equal parts as follows: agriculture (28%), industry (38%) and services (34%). Thousands of people emigrated from the impoverished rural areas to the industrial cities (Madrid, Bilbao, Barcelona), while thousands of others departed for Europe in search of better opportunities. The funds these workers sent back to their families in Spain constituted a crucial contribution to the country's balance of payments.

Politically, the regime attempted to organise a so-called “organic democracy” with a referendum to approve the Organic Law of the State (1966). Two years later Guinea gained independence, followed in the same year by the declaration of a state of emergency in the northern province of Guipúzcoa.

The Twilight of the Dictatorship

The economic changes that concluded a long process of development also produced social changes. The politicians who had emerged in the Civil War – military groups, Falangists, traditionalists, Catholic-Nationalists – were replaced by technocrats, mainly senior civil servants, who advocated the need for economic progress and forward-looking policies.

This led to a period of goodwill and renewed relations with countries of the East and the signature in 1970 of a preferential trade agreement between Spain and the European Common Market. A year earlier, on 22 July 1969, Parliament had appointed Don Juan Carlos de Borbón as Franco's successor as head of state, with the title of king.

Since the early 1960s, opposition to Franco's regime had become stronger as a result of the profound social changes produced by economic alterations in the country. In addition to the participation of exiled politicians and institutions in international forums, internal opposition movements had also gradually taken shape. Students, teachers and intellectuals represented a democratic left-wing front, while the working class focused their struggles through the trade unions and a civil front. These movements were the origin of the political forces that later played a leading role in Spain's transition to democracy. The Church's isolation was increasingly apparent. Rank-and-file priests, especially in Catalonia, the Basque Country and Madrid, were openly critical of the regime, and were joined in their condemnations by several prelates.

Meanwhile, these stances coincided with the radicalisation of nationalist positions and the emergence of ETA's terrorist activity.

A series of political trials were held. In 1969, a group of Basque priests were tried by court-martial, and in 1970 the "Burgos Trial" was held and nine death sentences were passed down, although the condemned men were later pardoned.

At the end of 1969 a new cabinet with a technocrat majority was formed, which was subsequently replaced in 1973 by a cabinet with similar leanings. The latter proved to be short-lived; in December, the cabinet president Carrero Blanco was killed in a terrorist attack by ETA. Arias Navarro was then appointed president and formed what was to be the last cabinet under Franco's regime.

In July 1974 Franco was afflicted with thrombophlebitis. Prince Juan Carlos took over as provisional head of state on 30 October 1975, and on 20 November Franco died. On 22 November, Juan Carlos I was crowned King of Spain. Another chapter in Spain's history closed and the doors of freedom and hope opened for all Spaniards.

Democracy

The Transition from Dictatorship to Democracy

From the outset, the new monarch adopted a determined but prudent attitude to ensure the rapid democratisation of Spain, turning the in-



President Adolfo Suárez prepares to cast his vote in the first democratic general elections held on 15 June 1977.



King Juan Carlos I
sanctioning
the Spanish
Constitution of 1978.

stitution he embodied into a “monarchy of all Spaniards”. However, this was no easy task. He was obligated to “respect” the legal structure inherited from Franco’s regime, as well as most of the existing political frameworks.

Following the resignation of Arias Navarro, the king entrusted the leadership of the country to a group of young reformists headed by Adolfo Suárez, who was sworn in as president of Spain on 3 July 1976. Under the watchful eye of the king, it was up to him to achieve the transition from dictatorship to democracy. Numerous left-wing politicians and intellectuals – Madariaga, Sánchez Albornoz, Pasionaria, Sénder, Guillén and Llopis – returned from exile and on 15 June 1977, in a context of total freedom and open democracy, the first general elections were held. The Spanish right did not hesitate to accept the democratic rules of play under the leadership of Manuel Fraga, a former minister under Franco and the founder of Alianza Popular (Popular Alliance). The Communist Party of Spain, headed by a former leader of Republican Spain who had been exiled for years (Santiago Carrillo), participated in the drafting of the constitution and also embraced the role of the democratic institutions. However, the electorate – to the surprise of many –

voted for more moderate options than these two formations and the day was won by the UCD (Unión de Centro Democrático), the centrist party founded by Suárez to support the transition. With a relative majority, this party obtained 165 seats, followed by 118 seats for the PSOE (the historic Socialist Party, in which a young generation led by Felipe González had just replaced the old guard of exiles who still clung to the memory of the Civil War). The Catalans and Basques were represented by a variety of parties.

Support from the press for the transition to democracy was crucial. So too was the prudence exercised by all the political and trade union groups, who at the end of October of the same year signed the Moncloa Pacts to consolidate democracy and provide a boost to the economy, which was already threatened by the first signs of recession.

The transition, in which Adolfo Suárez played a central role, transformed Spain into a modern country in all respects: freedoms of all types were guaranteed and a multiparty parliamentary system was established; the social function of political parties and trade unions was recognised; and the state adopted a decentralised form of government, pay-



The four presidents of the Spanish democratic era. From left to right: Leopoldo Calvo Sotelo, José María Aznar, Adolfo Suárez and Felipe González.

ing the way for the formation of autonomous regions throughout the country. These changes were backed by a widespread consensus, demonstrating the degree to which the Spanish had overcome the wounds of the Civil War and were capable of looking towards the future rather than remaining mired in the past. Without a doubt, this is the most important legacy of the transition initiated in 1977. Spain had already had a number of constitutions, a long history of parliamentary life and even the experience of a former democracy, but this was the first time that changes were introduced of common accord. Dialogue and negotiations formed the basis for establishing the widest possible social consensus. This climate of consensus and the peaceful nature of the transition to democracy attracted the interest of politicians and analysts in numerous countries, especially the citizens of Latin America and the former Soviet bloc nations of Eastern Europe searching for the best way to achieve their own transitions from dictatorship to freedom.

The reign of Don Juan Carlos, who has been on the throne for more than thirty years now, received widespread popular support from the outset, and this has increased over

the years thanks to the king's discretion in the exercise of his constitutional duties.

The transition brought about a genuine national reconciliation, demanding sacrifices in every quarter. Conceived as a legal evolution from the existing institutions, it was incompatible with the demand for punishing those who had supported the dictatorship. On the contrary, its premises were to offer a generous amnesty and to strive for total democracy. The process of consensus that had been undertaken, in which all the political parties had to make sacrifices (for example, the Socialists and Communists abandoned their dream of a republic), permitted the introduction of a provisional package of self-government measures in Catalonia and the Basque Country and the drafting of the constitution, which was approved by a vast majority (87.87%) on 6 December 1978.

Spain after the Constitution of 1978

New general elections held on 1 March 1979 maintained the national balance of power (UCD, 34.3%; PSOE, 30%; PCE, 10.6%). However, the first municipal elections (19 April) gave left-wing coalitions 77% of local councils in the main cities, marking the beginning of the end for the UCD.

The weakening of this party and the change of president coincided with a final authoritarian attempt to overthrow democracy. On 23 February 1981, members of the Civil Guard burst into Congress and held the representatives hostage, while one of the military headquarters ordered its troops to take the streets. The decisive intervention of the king foiled the attempted coup and the Spanish people took to the streets in defence of democracy. However, the incident served to weaken both the administration and the party it represented even further.

On the stage of international politics, Spain's incorporation into the group of democratic countries was complete. The country applied for membership in the EEC on 28 July 1977 and on 1 January 1986, Spain became a member state. Leopoldo Calvo Sotelo, Suárez's successor as president, proposed and gained approval from Congress for membership in NATO (29 October 1981), which was later ratified in a popular referendum held in 1986.

On 28 October 1982, new general elections were held in which the PSOE obtained an absolute majority (202 seats) and 106 seats were given to a new right-wing alliance of the AP-PDP (Alianza Popular-Partido Demócrata Popular – Popular Alliance-Popular Democratic Party). The elections had two major losers:

the UCD, which scraped by with only 7.2% of the votes, and the PCE with 3.8%.

On 3 December, Felipe González constituted his first administration. The PSOE managed to retain its majority in the following two elections, held on 22 June 1985 and 29 October 1989.

By then, the party had become a moderate and reformist party of social democrats, abandoning its traditional Marxist ideology. Backed by successive electoral victories, it governed until 1996 and carried out a sweeping modernisation of the country.

Thanks to this period of remarkable political stability, it was possible to make up for lost time in fields such as education, health and taxation, while the army was made professional, industry was streamlined, public infrastructures were built, social services were extended, etc. Moreover, in 1992 this modern, dynamic Spain, capable of joining the European Union (1986) and exercising its periodic presidencies of the Union (1989, 1995 and 2002) with efficiency and creativity, presented a new image to the world with the organisation of the World Fair in Seville, the European Cultural Capital in Madrid and the Olympic Games in Barcelona. With the former isolation of the dictatorship relegated to the past, Spain returned to the international



The Spanish president, José Luis Rodríguez Zapatero, taking his oath of office before H.M. the King on 12 April 2008.



Group photo of the new administration, 14 April 2008.

al arena as an agent of peace and harmony, promoting Latin American Summits (since 1991), participating in the United Nations' peace-keeping forces in Africa, the Balkans, Middle East and Central America, hosting conversations between Israel and the Arabic nations (Madrid Conference, 1991), dramatically increasing its aid to developing countries (through the Spanish Cooperation Agency), exporting the activities of its technicians and business leaders to distant markets (with strong investment in Latin America), reinforcing the presence of the Spanish language and culture around the world (through the Cervantes Institute, created in 1991), etc.

Although in the elections of 6 June 1993 the PSOE still managed to obtain the most votes (159 seats), enabling Felipe González to form a non-coalition government (inaugurated on 8-9 July 1993), the loss of the absolute majority forced the party to turn to other parliamentary groups in order to gain sufficient support in the Congress and Senate to ensure the stability of the government. In the end this was made possible by agreements reached with the CiU (Convergència i Unió – Convergence and Union). Meanwhile the Partido Popular had been restructured and renamed in 1989 around

the new leadership of José María Aznar and an ethos based on liberal ideals and Christian democracy, oriented towards the reformist centre. Its favourable results at the municipal, regional and European elections in 1995 culminated in victory at the general elections in 1996, which with support from the moderate nationalist groups of Catalonia (Convergència i Unió), the Basque Country (PNV) and the Canary Islands (Coalición Canaria – Canary Coalition) placed the presidency in Aznar's hands.

The Partido Popular was again victorious in the general elections of 2000, obtaining a comfortable absolute majority.

The economic policy pursued by this administration focused on controlling inflation and the public deficit as a means of reactivating economic growth. The successes achieved in the economic arena were crowned by Spain's admission to the first group of countries to adopt the single European currency – the euro – in 2002, after the Spanish economy had successfully met all the necessary requirements.

Spain's presidency of the European Union in the first half of 2002 coincided with the introduction of the euro, thereby completing a significant cycle in the recent history of the country; coincidentally, the euro was adopted

as the name of the single currency at the Council of Europe held in the second half of 1995, when Spain also happened to be holding the presidency of the Union.

On Thursday, 11 March 2004, Spain was dealt a dramatic blow by a kind of terrorism unlike anything ever experienced before on Spanish soil. A group of radical Islamist extremists killed 192 people and wounded almost 2,100 more in Madrid, in the worst terrorist attack perpetrated in Europe to date. However, three days later normalcy reigned as the people of Spain turned out to cast their votes in the general elections as planned.

14 March 2004, the PSOE won the general elections, making José Luis Rodríguez Zapatero the fifth president to take power in democratic Spain. Since then, the country has kept up and even accelerated the pace of social and economic change.

Now, at the beginning of the 21st century, Spain is the eighth world power. The successful adoption of the euro, a spectacular rhythm of social achievements, an unprecedented level of job creation and healthy public accounts have, in just a few short years, turned Spain into a net recipient of immigrants – an essential factor in the growth of the population (nearly 45 million at the beginning of 2006) as well as its econom-

ic growth (above 3% per annum and ahead of all the other countries in the Eurozone).

The firm commitment displayed by Rodríguez Zapatero's government to investment in research, development and innovation is likely to bring about major changes in the Spanish economic model in the medium and long term. In the international arena, Spain is now an important donor country and has pledged to duplicate its development aid during this legislature and reach the target of 0.7% of GDP in the next one.

In 2004 Spain witnessed the creation of its first government administration with gender parity among its members (one of the world's few existing gender-balanced administrations) and has laid the foundations for a more modern society with, among other government initiatives, the legalisation of homosexual marriage, a law against domestic violence, an equal opportunities law, the reform of the state television network and measures to simplify government procedures for citizens.

The Law on Dependent Care guarantees assistance for 1.3 million Spaniards, who will benefit from a more supportive social framework, and represents a major step forward in the welfare state.

Third Conference of Presidents of the Autonomous Regions, held at the Senate on 11 January 2007.



CHRONOLOGY

Prehistory

1,500,000 BC First human findings on the Iberian Peninsula.

40,000-15,000 BC Altamira cave paintings.

Spain before the Romans

1,200-800 BC Indo-Europeans, Phoenicians and Greeks invade the Iberian Peninsula.

800-500 BC Tartessus.

Roman Hispania

218 a.C.- 409 AD

The Visigothic Kingdom

472-710

Muslim Spain (710-1492)

756-929 Umayyad Emirate.

929-1009 Caliphate.

1009-1090 Taifa Kingdoms.

1090-1146 Almoravid Invasion.

1146-1224 Almohad Invasion.

1224-1232 Marinid Invasion.

1232-1492 Nasrid Kingdom of Granada.

Christian Spain (710-1492)

803 Kingdom of Navarre.

1137 Kingdom of Aragon and Catalonia.

1143 Kingdom of Portugal.

1230 Kingdom of Castile and Leon.

1479 Unification of the Crowns of Castile and Aragon with the marriage of Ferdinand and Isabella.

1492 Conquest of Granada, Columbus discovery of America and the publication of the first Spanish grammar text.

1512 Incorporation of Navarre.

1535-1545 Viceroyalties of Mexico and Peru.

House of Hapsburg (1517-1700)

1517-1556 Charles I.

1526 Treaty of Madrid.

1556-1598 Philip II.

1571 Battle of Lepanto.

1598-1621 Philip III.

1605 Publication of Don Quixote.

1621-1665 Philip IV.

1640 Secession of Portugal.

1665-1700 Charles II.

1659 Treaty of the Pyrenees.

House of Bourbon (1700-1808)

1700-1746 Philip V.

1713 Treaty of Utrecht.

1746-1759 Ferdinand VI.

1759-1788 Charles III.

1760-1790 Enlightenment and Reform.

1788-1808 Charles IV.

1790-1808 The Radical Challenge.

1805 Battle of Trafalgar.

1807 Treaty of Fontainebleau.

Dissolution of the old Regime and the

War of Independence (1808-1814)

1808 Abdication of Charles IV and Ferdinand VII in Bayonne.

Entry of Joseph Bonaparte I of Spain in Madrid.

1810-1812 The Cortes and Constitution of Cadiz.

Liberal reaction and Revolution (1814-1833)

1814 Arrival of Ferdinand VII in Madrid.

1814-1820 First Absolutist Restoration.

1820-1823 Coup d'état and Liberal Triennium.

1823-1833 Second Absolutist Restoration.

The Two Regencies (1833-1843)

1833-1841 Death of Ferdinand VII and Regency of Maria Christina Carlist War.

1834 Royal Statute.

1837 Liberal Constitution.

1841-1843 Regency of Espartero.

Reign of Isabella II (1843-1868)

1843-1854 Moderate Decade.

1845 Constitution.

1854-1856 Liberal Biennium.

1856 *Non nata* Constitution.

1856-1868 Moderate Predominance.

Revolutionary six-year period (1868-1874)

1869 Constitution of 1869.

1869-1871 Regency of General Serrano.

1871-1873 Democratic monarchy of Amadeus of Savoy.

1873-1874 First Republic.

1874 Coup staged by Martínez Campos on behalf of Alfonso XII.

The Restoration (1875-1923)

1875 Entry of Alfonso XII in Madrid.

1876 Constitution.

1881 Liberal Government.

1885 Death of Alfonso XII. Regency of Maria Christina.

1890 Universal Suffrage.

1898 Spanish-American War and the Treaty of Paris.

1902-1931 Reign of Alfonso XIII.

Dictatorship of Primo de Rivera and the fall of the Monarchy (1923-1931)

1931 Municipal elections (14 April) and Proclamation of the Republic.

Second Republic and the Civil War (1931-1939)

- 1931** Republican Constitution.
- 1936** Popular Front elections (February) and uprising (July).

General Franco's Regime (1939-1975)

- 1959** Stabilisation Plan.
- 1969** Appointment of Prince Juan Carlos as successor.

Democratic Transition. From 1975

- 1975** Death of Franco. Proclamation of King Juan Carlos I.
- 1976** Political Reform Law (November) and Referendum (December).
- 1977** General elections (15 June). Relative majority for the UCD.
Third government of the monarchy (4 July). President Adolfo Suárez.
Spain requests membership in the EEC (28 July).
- 1978** Constitution (sanctioned by HM the King on 27 December in Parliament).

Constitutional Monarchy

- 1979** General elections (1 March). Relative majority for the UCD. HM King Juan Carlos I invites Adolfo Suárez to form his government (29 March).
Foundation of the main democratic town councils (19 April).
HM the King opens the first constitutional legislature of Parliament (9 May).
- 1980** Opening of the Constitutional Court (12 July).
- 1981** Resignation of Adolfo Suárez as president. HM the King invites Leopoldo Calvo Sotelo to form a new cabinet (10 February). Calvo Sotelo proposes Spain's entry into NATO (18 February). Coup d'état (23 February). Calvo Sotelo is sworn in as president (25 February). The Congress of Representatives approves Spain's entry into NATO (29 October).
- 1982** General elections. Victory with an absolute majority for the PSOE (29 October). New government with Felipe González as president (3 December).
Appointment of the Ombudsman in the Congress of Representatives (28 December).
- 1985** Signature of Spain's treaty of adhesion to the EEC (12 June).
- 1986** Spain and Portugal join the EEC (1 January).

Prince Felipe swears allegiance to the Constitution in Parliament (30 January).
Referendum on Spain's continuation in NATO (12 March).

General elections. New absolute majority for the PSOE (22 June).
Felipe González is sworn in as president (25 July).

- 1987** Municipal, regional and European elections (10 June).
- 1989** Spanish presidency of the EC (January-June). European Elections (June). General elections. Victory for the PSOE (29 October).
Felipe González takes the presidential oath of office before Parliament (5 December).
- 1993** General elections (6 June). Relative majority for the PSOE.
Felipe González takes the presidential oath of office before Parliament (9 July).
- 1994** European elections (12 June).
- 1995** Municipal and regional elections (28 May). Spanish presidency of the EC (July-December). The European Council of Madrid approves the name of the future European currency: the euro (15-16 December).
- 1996** General elections (3 March). Relative majority for PP.
José María Aznar is sworn in as president before Parliament (3 May).
- 1999** Municipal, regional and European elections (13 June).
- 2000** General elections (12 March).
Victory with an absolute majority for the PP. José María Aznar takes the presidential oath of office before Parliament (25 April).
- 2002** Spanish presidency of the EC (January-June).
- 2003** Municipal and regional elections (25 May). European elections (13 June).
- 2004** General elections (14 March). Victory for the PSOE with a relative majority (164 seats out of 350). José Luis Rodríguez Zapatero is sworn in as president before Parliament (17 April).
- 2005** European Constitution Referendum (20 February).
- 2007** Local elections (27 May).
- 2008** General elections (9 March). Victory for the PSOE with a relative majority.

CULTURE

By virtue of its geographical situation, the Iberian Peninsula has served as a bridge not only between the cultures of Northern and Southern Europe but also between Africa and the Mediterranean. Similarly, the vicissitudes of its history have made it a place of meeting for the most diverse cultures. It therefore boasts a rich cultural legacy with palpable living traces of an extraordinarily dynamic past.

The earliest cultural expressions

The earliest cultural manifestations of any significance are prehistoric. In the Palaeolithic Period, around 15,000 B.C., a Franco-Cantabrian culture stretched from the north of Spain and Europe to Asia. This culture left behind animal figures painted in several caves for magical and religious purposes; the masterpiece from this period can be found in the main chamber of the cave at Altamira, which has been described as the “Sistine Chapel” of cave art.

A later period, the Mesolithic, is represented by the paintings of the Levant school, of African origin, which have been found in primitive shelters ranging from Lleida (Catalonia) to Albacete (Castile-La Mancha). These paintings depict humans. During the first millennium B.C., the Balearic Islands witnessed the emergence of a culture of imposing megalithic constructions comprising *navetas* (burial tombs shaped like the hull of an overturned ship), *taulas* (T-shaped megaliths) and *talayotes* (low towers), the most important of which is the

Naveta dels Tudons, near Ciutadella on the island of Minorca. Meanwhile, a megalithic culture was developing in Almería, characterised by dolmens with covered galleries and circular burial chambers, topped by false domes. The most famous example is the Dolmen of Menga, near Antequera (Malaga province).

Simultaneously, the legendary culture of Tartessus was emerging in the lower Guadalquivir Valley, based on trade with the Phoenician colonies. The Greeks also established colonies along the Mediterranean coast, leaving significant traces of their artistic legacy in areas such as Ampurias (Girona province).

According to all the indications, the large boar sculptures and the bulls at Guisando, near Ávila, are of Celtic origin. The Iberian culture is represented by three sculptures of female figures – the Lady of Elx, the Lady of Cerro de los Santos and the Lady of Baza – that are currently on display at the National Archaeology Museum in Madrid.

The Roman legacy

Romanisation induced the cultural unification of the Iberian Peninsula, leaving not only the language and numerous social institutions but also a plethora of artistic remains. Some of these provide a crucial insight into Roman art, such as the aqueducts in Segovia and Mérida the Alcántara Bridge and the Arch of Bara in Tarragona.

Two splendid Roman complexes can be found at Itálica, near the city of Seville, and Mérida, whose splendid theatre is still used to stage classical drama during the summer. Such



Prehistoric painting in the Cave of Altamira, Cantabria.



Iberian sculpture of the Lady of Elche. Madrid. National Archaeological Museum.

is the quantity of Roman remains in this town that it was chosen as the site for the National Museum of Roman Art, inaugurated in 1986.

While Rome built the Hispania of the first five centuries, Hispania returned the favour by providing with some of its best sons, including emperors (Trajan and Hadrian), writers and philosophers. This Roman legacy not only pervades numerous institutions but also the law of the land. Similarly, with the exception of Basque, Vulgar Latin served as the root of all the languages of the Iberian Peninsula: Castilian, Catalan, Galician and Portuguese.

The Middle Ages

The generalised spread of Christianity coincided in Spain with the beginning of the Germanic invasion. Little has remained of Visigothic art, which gradually distanced itself from Roman art and fed rather on Byzantine and North African influences. Horseshoe arches, geminate windows sharing a central column, square-shaped apses and barrel vaults are the distinguishing characteristics of the early Christian churches. Two examples can be found in Ourense (Santa Comba de Bande) and Zamora (San Pedro de la Nave).

In the 8th century, Pre-Romanesque art began to emerge in Asturias and reached the height of its splendour during the reign of

Ramiro I (the churches of Santa María del Naranco and San Miguel de Lillo).

The Muslim invasion and subsequent Christian reconquest generated a confluence of three cultures – Christian, Islamic and Hebrew – whose fusion and interrelation gave rise to one of the most fruitful processes in European culture.

Meanwhile, the perpetuation of the classical legacy was guaranteed by Alfonso X, who created the Translation School of Toledo and Seville. Alfonso the Wise, as he is also known, is also credited with writing *The Seven Divisions of Law* and making major contributions to the world of science *Lapidarium*.

The Arabic tradition also made a lasting impression on the field of poetry, with figures such as Ibn Hazm of Cordoba (*The Ring of the Dove*) and Ibn Quzman, famed as the inventor of the classical metre. One of the most important philosophers was the great Averroes (1126-98, Cordoba), an Aristotelian scholar.

While the field of literature was fertile, the field of architecture was no less. The Great Mosque of Cordoba (begun in 784) and Medina Azahara are outstanding examples of art under the Caliphate. In Seville, the former minaret of the mosque – known as the Giralda – the Golden Tower and the Alcázar palace represent some of the most important monuments of Islamic architecture. The culminating structure from this period is the magnificent Alhambra palace in Granada.

Although the Arabic presence persisted in the south, the north of Spain maintained close contact with the prevailing European culture thanks to the Pilgrim Way of St. James, which ends at the tomb of the apostle in Santiago de Compostela. Along the way, churches were built in which European Romanesque art blended with the Pre-Romanesque style typical of Spain. Examples of this are the cathedral in Jaca (Huesca province), the church of San Martín de Frómista in Palencia, the beautiful frescoes in the royal pantheon at the Basilica of San Isidoro in Leon, and the great cathedral in Santiago de Compostela, whose sculptures adorning the Pórtico de La Gloria portal are regarded as the masterpiece of Spanish Romanesque art.



Mural paintings in the Pantheon of the Kings in San Isidoro, Leon, 12th century.

Romanesque painting can be observed in the frescoes, and the art of drawing developed in illuminated manuscripts (*Beato de Liébana*, *Beato de Girona*).

Sculpture acquired a distinct physical identity in the 11th century, which was mainly manifested in the cloister of Santo Domingo de Silos (Burgos), the royal pantheon and the portals of the Basilica of San Isidoro (Leon), the capitals in the cathedral of Jaca (Huesca), the monastery at Ripoll and the mentioned cathedral of Santiago.

Other noteworthy Romanesque monuments can be found in the region of Castile and Leon (Avila, Zamora, Soria, Salamanca, Segovia, Burgos), while Navarre, Aragon and Catalonia all boast magnificent churches with superb paintings. Nowadays, most of these are held at the National Art Museum of Catalonia in Barcelona.

During this period – the 12th century – Castilian began to develop as a literary language with the publication of the first great epic, *The Lay of the Cid*.

Gothic art first emerged in Spain during the 13th century in the old Cistercian style, as evidenced in the monasteries of Las Huelgas in Burgos and Poblet in Tarragona, and achieved

its finest expression in the cathedral of Leon. The 14th century was characterised by the emergence of the Catalan Gothic style (cathedrals of Barcelona, Girona and Palma, Majorca) and the 15th century by the Late or Flamboyant Gothic style (cathedrals of Seville, Toledo and Burgos). Civil architecture also began to develop during this period, notable examples of which are the shipyards in Barcelona and the old markets in Valencia and Palma, Majorca.

In the field of literature there were important advances, with popular minstrel verses giving way to more learned poetry. Gonzalo de Berceo is the earliest known Spanish poet, famed for his work *The Miracles of Our Lady*.

Alfonso X has already been cited in connection with his *Siete Partidas*, but he also wrote the *Crónica General*, the first history of Spain, and the *Songs to the Virgin Mary* in Galician. It was also during his reign that the first collections of stories appeared such as *The Eastern Fables of Kalilag and Damnag* as well as the first dramatic script, *Play of the Three Wise Men*.

The Renaissance

The 14th century was an extraordinarily fruitful period with profound influences from Italian humanism on literary works such as *Book of Good Love*, by the Archpriest of Hita, *Count Lucanor*, by Alfonso X's nephew, Juan Manuel and *Chronicles and Rhymes of Palace Life* by Pedro López de Ayala.

In the following century, literature adopted a more lyrical and courtly form, paving the way for the ideological transition between medieval and Renaissance ideals that took place at the beginning of the Modern Era, which spans the period from the last decade of the 15th century to the end of the 18th century. The main figures of this period were the Marquis of Santillana (1398-1458), who was the first person to use the sonnet in Spain, and Jorge Manrique with his *Coplas por la muerte de mi padre* (*Verses on the Death of My Father*).

In the field of architecture, the combination of Spanish Gothic and Italian Renaissance produced the hybrid Plateresque style, exemplified by the universities of Alcalá de Henares and Salamanca which were both



Diego Velázquez.
"The Surrender of Breda."
1635. National Prado
Museum.

built during this period. Meanwhile, consolidation of Castilian Spanish came with the publication *Arte de la lengua castellana* (*Art of the Castilian Language*), the first grammar text applied to a vulgar language. The first chivalrous novels also emerged at this time, including the famous *Amadis of Gaul*.

A similarly notable evolution took place in the genre of drama. Juan de la Encina (1469-1529) was the first to write about non-religious themes, but the genuine breakthrough came with *The Celestina or the Tragic Comedy of Calisto and Melibea* by Fernando de Rojas, the second most important work in Spanish literature after *Don Quixote*.

The Golden Age

Chronologically situated mid-way between the Renaissance and the Baroque, the Spanish Golden Age (16th-17th centuries) was a glorious flourishing of the arts and letters in Spain.

During this period the novel achieved its finest Spanish and universal expression with *Don Quixote* by Miguel de Cervantes, and several other distinctly Spanish genres emerged, such as the picaresque novels *Guzmán de Alfarache* by Mateo Alemán and the anonymous *Lazarillo de Tormes*.

Poetry evolved at the same pace. In the 16th century Boscán and Garcilaso de la Vega adapted Italian metres to the Spanish language; the finest expression of this style can be found in the mystical works of Fray Luis de León and St. John of the Cross, and in the prose of St. Theresa of Ávila. Two great figures from this period are Luis de Góngora and Francisco de Quevedo.

Major changes were also afoot in the field of drama. Instead of being staged in ecclesiastical settings, plays were now performed in open-air public places such as the so-called *Corrales de Comedias*, still used today in Almagro (Ciudad Real province). This form of artistic expression achieved unprecedented splendour in the works of Lope de Vega, Tirso de Molina and Calderón de la Barca.

Humanism also flourished from early on in the Modern Era, thanks to figures such as the philosopher Luis Vives and monumental collaborative works such as the *Complutensian Polyglot Bible*. As a final note on the literature of the Spanish Golden Age, the period closed in the 17th century with Baltasar Gracián's *The Faultfinder*.

In the field of painting, the 16th century produced an outstanding artist in the figure of Domenikos Theotokopoulos, "El Greco", who worked mainly in Toledo. His canvases *The Disrobing of Christ*, *Martyrdom of St. Maurice*, *The*

Resurrection and *The Burial of Count Orgaz* are all landmarks of Spanish and universal painting.

The realism of the 17th century found its finest exponent in Diego Velázquez (1599-1660), whose main works are as follows: *Las Meninas* (a.k.a. *The Maids of Honour*), *The Surrender of Breda*, *The Forge of Vulcan*, and his famous portraits *Philip IV*, *The Prince Baltasar Carlos* and *the Count-Duke of Olivares*. Most of these works hang in the Prado Museum. While Velázquez was painting in Madrid, Zurbarán and Murillo were busy in Seville, producing paintings with predominantly religious themes.

The Golden Age is also credited with a specific architectural style named after Juan de Herrera. The finest example of the style is the Royal Monastery of San Lorenzo de El Escorial, commissioned by Philip II.

The Baroque Period

Of Italian origin, from whence comes its name, the Baroque style embodies the spirit of the Counter-Reformation. It is mainly a decorative style based on fanciful, over-elaborate forms. The Society of Jesus stamped the Baroque style on all religious monuments from previous periods, superimposing it onto designs originally in the Gothic and even Romanesque styles.

The most outstanding examples in Spain are the façade of the Hospicio de San Fernando in Madrid, the Palace of San Telmo in Seville, the Obradoiro portal in Santiago de Compostela, the Jesuit Shrine of Loyola, the façade of the University of Valladolid and the Basilica of Nuestra Señora del Pilar in Saragossa.

The Age of Enlightenment

The 18th century, known in Spanish as *El Siglo de las Luces* or the *Century of Lights*, witnessed the introduction of the spirit of the Enlightenment and with it education, science, public works and a rational concept of politics and life.

The reign of Philip V ushered in the foundation of new cultural institutions such as the Royal Library (subsequently renamed the National Library) and the Academy of the Spanish Language, both in 1714. These were followed

twenty years later by the academies of Medicine, History, Pharmacy and Law, as well as the Academy of Fine Arts of San Fernando.

Science received an enormous boost with the creation of the Cabinet of Natural History, the Botanical Gardens, the School of Mineralogy, the Cabinet of Machines in the Retiro, the Royal Laboratory of Chemistry and several Schools of Engineering.

The political and satirical press flourished, along with the publication of cultural and scientific articles. Although in the literary field the quality was substantially inferior to that of two centuries earlier, several outstanding writers emerged, such as Leandro Fernández de Moratín, Torres Villarroel, Meléndez Valdés, the fable writers Iriarte and Samaniego, and the dramatist Ramón de la Cruz, a key exponent of the *costumbrista* genre, with its focus on local customs and manners. The main poets of the period were Cadarso, Nicasio Gallego and Alberto Lista. Finally, in the field of letters, the 18th century was noted for two great figures – Father Feijoo and Jovellanos.

In architecture, the Baroque style gave way to Neoclassicism. The Bourbons brought numerous foreign artists to Spain and Charles III commissioned major public infrastructure

Francisco de Goya. "Self-Portrait." 1815. Madrid. National Prado Museum.



works. Ventura Rodríguez and Juan de Villanueva were the most important Spanish architects of this period, renowned for creations such as the Royal Palace, the Prado Museum and the Alcalá Gate, all in Madrid.

By contrast, painting experienced a period of decline. The Spanish and international painters commissioned to decorate the palaces were all of mediocre quality. Finally, however, in the final decade of the century, one of the greatest painters of all time emerged: Francisco de Goya. Regarded as the father of all the “isms”, Goya painted a vast range of works, including light-hearted cartoons for the Royal Tapestry Factory, macabre etchings such as *The Disasters of War*, the bitter *Caprichos*, the *Follies* and the *Tauromachia*, and dramatic paintings such as *The Third of May 1803* and the frescoes of San Antonio de la Florida in Madrid.

Romanticism

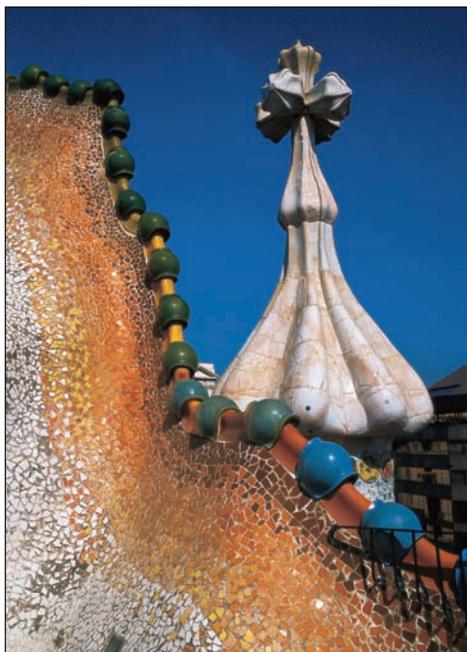
Romanticism, the artistic and literary expression of liberal thinking, arrived late in Spain (it had its heyday between 1830 and 1840) and with a distinctly French flavour. Its main exponent was Mariano José de Larra (1809-1837), whose influence continued into and well beyond the second half of the century in the poetry of Gustavo Adolfo Bécquer (1836-1870) and the plays of the first Spanish recipient of the Nobel Prize for Literature: José Echegaray.

Romanticism was succeeded by the *costumbrista* works of Mesonero Romanos, the poetry of Espronceda and the dramatic scripts of the Duke of Rivas and José Zorrilla.

In the second half of the 19th century, the romantic exaltation of national values fuelled a revival of Spain's regional cultures. In Catalonia this led to the restoration of the *Jocs Florals* (the Floral Games poetry contest) and ushered in the so-called Catalan Renaissance with the works of Rubio i Ors, Verdaguer and Guimerà.

Romanticism also inspired the flourishing of Galician literature, whose two key figures were Rosalía de Castro and Curros Enríquez.

In the final third of the century, a counterpart to the Romantic Movement emerged in the form of the more or less *costumbrista* realism of Fer-



Antonio Gaudí. Detail of the Batlló House. Barcelona.

nán Caballero, Alarcón and Pereda. However, the two great figures of this period were Juan Valera and Benito Pérez Galdós. Considered the father of the contemporary Spanish novel, Galdós created a gigantic historical novel world in his *National Episodes*. His work paved the way to Naturalism, which was embodied by three great figures: Leopoldo Alas “Clarín”, Emilia Pardo Bazán and Vicente Blasco Ibáñez.

The Generations of 1898 and 1927

The late 19th century was a hotbed of political, literary, philosophical, artistic and scientific analysis. The institutions that had been founded at the beginning of the century – the *Ateneos* or athenaeums (cultural centres inspired by classical Athens and devoted to humanist values and freethinking) and artistic and literary academies – came into their own, and Joaquín Costa and Giner de los Ríos launched a movement of national revival. The outstanding figures in the field of historical research were Amador de los Ríos, Menéndez Pidal, Rafael Altamira, Milá and Fontanals, while

Marcelino Menéndez Pelayo was the key figure in the context of traditional thinking.

Scientific research began a slow recovery, especially in the field of medicine, with figures such as Jaime Ferrán, Pío del Río Hortega and the future Nobel Prize winner, Santiago Ramón y Cajal.

Despite the political and social unrest in Spain during the first third of the 20th century, literary creation experienced a glorious revival that some analysts have called a Silver Age, spanning the period between 1898 and the outbreak of the Spanish Civil War in 1936.

The first of these dates marks the loss of the last Spanish colonies and, in general, the end of a decline initiated in the 17th century.

A large group of writers reacted to this event by exploring its causes and proposing their own remedies for the regeneration of Spain. Together they formed the so-called Generation of '98 which, although it included great literary figures, transcended the field of literature to encompass science, medicine, history and the essay genre.

At the same time, Modernism was emerging. A contemporary of pictorial and musical Impressionism, this movement was particularly important in Catalonia, which has always been more open to the winds of change blowing in from Europe. Its main exponent was the genius architect Antonio Gaudí, and it was also linked to the *Renaixença* (Renaissance) of Catalanian culture based on the prosperity of an educated industrial class increasingly open to regionalist ideas. The unique style of Gaudí is replete with plant and animal evocations in groundbreaking works such as the incomplete Church of La Sagrada Família and the fantastic gardens of the Parque Güell. This same *Modernisme*, as the movement was known in Catalonia, eventually produced the extraordinary painter Pablo Picasso.

The late 19th century in Spain was also characterised by the arrival of echoes of the musical nationalism that had spread throughout Europe. Two Spanish composers achieved international recognition in this field: Isaac Albéniz and Enrique Granados.

In painting, Ignacio Zuloaga's works, with their emphatic drawings and typically Spanish characters, expressed a certain affinity with the literary world of the Generation of '98. Meanwhile, the Valencian artist Joaquín Sorolla can be described as a colourful Post-Impressionist; beneath the anecdotal surface of his canvases, the unique light of the eastern shores of Spain is the true protagonist of his beach scenes.

The Generation of '98 – preoccupied almost to the point of obsession with what began to be known as “the problem of Spain” – orchestrated a brand-new style that had little in common with the characteristic rhetoric of the 19th century.

Some of the representatives of this trend achieved a genuinely universal stature. Such is the case of Miguel de Unamuno, who cultivated all literary genres and whose work *The Tragic Sense of Life in Men and Peoples* was a precursor of Existentialism. Another great figure was his contemporary Pío Baroja, a renowned novelist who was much admired by Hemingway. Azorín, famed for his masterful skill as a narrator, and Ramón María del Valle-Inclán, who invented *esperpento* or the theatre of the grotesque, were also crucial figures of this movement.

In the poetry field, the main figures are Antonio Machado, whose works combine symbolism and social reflection, and Juan Ramón Jiménez, another Nobel laureate, whose poems evolved from a kind of sentimentality to a much deeper, abstract and complex lyricism.

A common trait shared by all intellectuals during this period was the attempt to incorporate the latest trends in European culture and thinking. The philosopher Ortega y Gasset founded the magazine *Revista de Occidente*, one of the first intellectual publications in Europe at the time. Ramón Pérez de Ayala's essays and novels expressed the liberal spirit of the British, while Eugenio d'Ors added a whole new slant to the criticism of Baroque art.

In the 1920s, the refreshing winds of the aesthetic vanguards blew strongly in Europe and a group of universal figures emerged – Pablo Picasso, Salvador Dalí and Luis Buñuel.



Various cultural events are organised at the Residencia de Estudiantes, including temporary exhibitions such as the one dedicated to Juan Ramón Jiménez, winner of the Nobel Prize for Literature in 1956.

Picasso sought his inspiration in Hispanic roots and in the extravagant, Baroque and highly contrasting temperament that seems to characterise Spanish art, developing a Cubist style that has gone down as the first page in the history of 20th-century painting.

Other major influences on contemporary painting were Juan Gris, who succeeded in reducing objects to their chromatic masses and basic geometries, and Joan Miró, the Surrealist master whose profoundly poetic and original works reveal an apparently childlike yet incredibly astute vision. Another figure tied to the Surrealist movement was the painter Salvador Dalí, highly skilled in the art of drawing and with a fondness for using calculated gestures to shock bourgeois tastes. During the 1920s Dalí had lived with Luis Buñuel and Federico García Lorca at the Residencia de Estudiantes in Madrid. This institution, famed for its intellectual atmosphere and for promoting great artistic sensitivity amongst its occupants, has survived to this day under the protection of the Higher Council of Scientific Research.

Except for in the early 17th century, Spain had never known such a simultaneous emergence of poetic talent as that embodied by

Jorge Guillén, Pedro Salinas, Federico García Lorca, Rafael Alberti, Nobel laureate Vicente Aleixandre, Luis Cernuda, Dámaso Alonso and Gerardo Diego. Culturally, the Generation of '27 represents a unique moment in time when the vanguard movements, an enthusiasm for modern art, and the European optimism of the interwar period all joyfully combined and acted as the prevailing influences.

Years later, they all fell victim to the tremendous divide created by the Spanish Civil War. Federico García Lorca was executed, and Rafael Alberti, Luis Cernuda, Pedro Salinas, Jorge Guillén, Rosa Chacel and María Zambrano were all forced into exile. The poetry of this generation, which had imbued the genre in Spain with the ideal of perfection, of "pure poetry," became worldlier and more pensive.

The same fertile atmosphere of the Residencia de Estudiantes also produced the Aragonese film-maker Luis Buñuel, who worked from his exile in Paris to carve out a place for himself in the international arena. Temporally connected to the Surrealist movement, his work possesses a corrosive strength and critical violence that bear certain similarities to the pictures of his fellow countryman, Francisco de Goya.

Another important figure at this time was the Catalan musician Pau Casals, a world-class cello player and tireless defender of the republican cause and Catalan nationalism. His famous versions of Bach's suites occupy their own place in the history of contemporary musical performance. Meanwhile, Spanish cultural nationalism was embodied by Manuel de Falla; thanks to his work, flamenco music – the spontaneous expression of popular Andalusian vocal music – first gained recognition as a sophisticated art form.

The new vanguard movements also influenced Spanish sculpture. Lesser known than Picasso and Dalí but equally deserving of their place in the history of contemporary art are the sculptors Julio González, Pablo Gargallo and Alberto Sánchez.

Spanish drama also flourished in the first third of the 20th century, especially thanks to the work of Jacinto Benavente, yet another Spanish recipient of the Nobel Prize for Literature.

As a counterpart to this high drama, musical and non-musical farce became the most important popular genre. This form of simple, *costumbrista* and sentimental drama focused in particular on the daily life of the Andalusian working classes (embodied in the works of the Álvarez Quintero brothers). The plays written by Arniches feature a similar idea, although he used an original and highly appealing formula – grotesque tragic comedy, combining both comedy and pathos.

But Spanish drama of the 20th century was marked by two great authors: Valle-Inclán and García Lorca. Although both reacted against conventional, bourgeois, naturalist drama, García Lorca explored the poetry of drama and a new style of tragedy, while Valle-Inclán developed a brand new device: *esperpento*, or grotesque drama. In his works, the heroes and princesses are all reflected in concave and convex mirrors, producing a deformation or caricature of reality in keeping with the author's conviction that Spain at the time was a deformation of Europe.

The Post-War Period

Due to the situation created by the Civil War, numerous intellectuals opted to go into exile. This, in addition to the limitations imposed by the new regime, gave rise to a cultural parenthesis from which Spain was slow to recover. However, from their exile abroad, people such as Francisco Ayala, Ramón J. Sender, Max Aub, Gil Albert and Pau Cassals worked unstintingly to promote Spanish culture.

Meanwhile, in Spain itself a dual movement emerged. Some intellectuals embraced the political ideals of Franco's regime, while others pursued their intellectual or artistic activities as a form of opposition.

Poetry abandoned the aesthetic ideals embodied by Luis Rosales and Leopoldo Panero in favour of either the social realism of figures such as Blas de Otero, Gabriel Celaya, José Hierro and Carlos Bousoño, or the reassertion of nationalist or avant-garde movements, represented by Salvador Espriu, the *Novísimos* (a group of innovators led by Barral, Castellet) and others.

The work of the Generation of '27 remains as valid as ever, and in 1977 Vicente Alexan-

dre was awarded the Nobel Prize for Literature. Twelve years later, in 1989, the same prize was awarded to Camilo José Cela.

Meanwhile, in the 1940s the creation of the national theatres brought together a series of authors who managed to overcome the restrictions imposed by the regime and develop a type of drama open to new trends emerging around the world. Antonio Buero Vallejo and Alfonso Sastre were instrumental in breathing new life into Spanish drama.

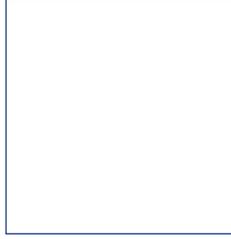
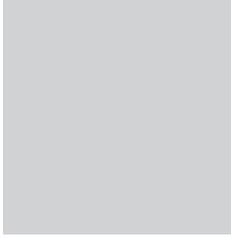
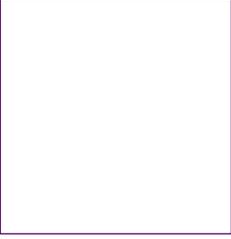
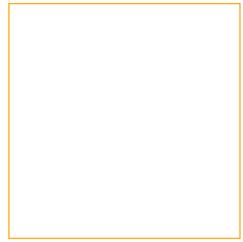
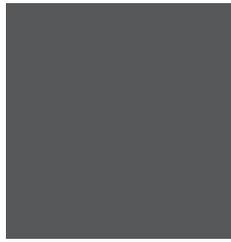
The novel also recovered slowly and adopted life under Franco as its central theme. This is particularly evident in works such as Camilo José Cela's *The Hive* and Luis Martín Santos's *Time of Silence*. "Other important novelists included Gonzalo Torrente Ballester, Miguel Delibes, Carmen Laforet, Sánchez Ferlosio, Fernández Santos and Juan Goytisolo.

In the 1970s Juan Benet renewed the literary scene, and the following decade witnessed the emergence of writers such as Javier Marías, Muñoz Molina and Pérez Reverte, whose works acquired an unprecedented international importance and readership.

In the visual arts, there was a move towards pictorial abstraction (embodied by Tápies, Saura, Canogar, Millares and Guinovart), which subsequently gave way to the critical realism of Genovés and Pop Art (Equipo Crónica). In recent years, Antonio López has consolidated the sure merits of his radical realism and Miquel Barceló's creativity has triumphed in the temples of contemporary art. In the field of sculpture, the study of forms and volume is a constant in the work of artists such as Chillida and Oteiza.

Over a period of three decades (1940-1970), Spanish film attained unprecedented heights of fame. The "imperial films" promoted by CIFESA gradually gave way to the refreshing approach of Bardem and Berlanga and Saura and Buñuel's later work.

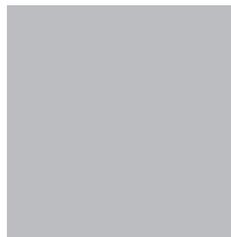
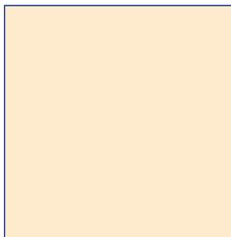
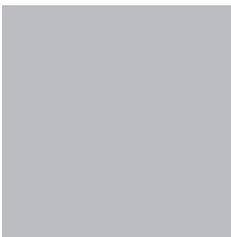
At the beginning of the 1990s, the Spanish film industry was rejuvenated by a generation of young directors such as Pedro Almodóvar, Fernando Trueba and most recently Alejandro Amenábar, all of whom are currently in their professional prime and have won international acclaim.



CHAPTER III



THE ORGANISATION OF THE STATE



THE SPANISH CONSTITUTION OF 1978

Described as the constitution of consensus, this document was drafted on the basis of negotiations and agreements between the different political parties with parliamentary representation. The 1978 constitution approved by Spaniards in the referendum held on 6 December entered into effect on 29 December of that same year.

With a preamble, 169 articles divided into 10 sections and several provisional and additional provisions, the present-day constitution is the longest in Spanish history after the Constitution of 1812.

Article 1 declares Spain to be a social and democratic state that advocates freedom, justice, equality and political pluralism as the fundamental values of its legal system. Furthermore, it establishes that national sovereignty rests with the Spanish people, from whom the state derives its powers, and that the political form of the Spanish state is that of a parliamentary monarchy.

The constitution includes an extensive list of the fundamental rights and public liberties of all citizens and establishes a State of Autonomous Regions.

Mention must also be made of the principle of separation of the legislative, executive and judicial branches of government.

The Constitutional Court. This judicial body is the supreme authority on constitutional interpretations. It operates independently of other constitutional authorities and is subject only to the Spanish constitution and the regulations established in Constitutional Law 2/1979 of 3 October.

Its twelve members are appointed as follows: four are first proposed by a three-fifths

majority of the Congress of Representatives and later confirmed by the King; four are appointed by the same majority in the Senate; two are named by administration in office; and the remaining two are designated by the General Council of the Judiciary Power.

The members are appointed for nine years. One-third of the court is renewed every three years, and members cannot be re-elected. Its competences can be divided into three major areas: firstly, it controls the constitutionality of laws; secondly, it settles conflicts of competences arising between the autonomous regions, and between them and the State; and finally, after exhausting ordinary judicial procedures, it is empowered to safeguard citizens' basic rights by handling appeals brought on grounds of violation of constitutional rights and liberties, which may be lodged after exhausting all ordinary legal avenues for the purpose of reviewing alleged violations of said rights. Citizens, the Ombudsman and the Crown Prosecution Office are entitled to file such appeals.

The Institutions

The Crown

The political form of the Spanish state is that of a parliamentary monarchy. The king, in his capacity as the head of state, symbolises the unity and permanence of the state. He arbitrates and moderates in the regular running of institutions and acts as the highest representative of the Spanish state in international relations.

The Legislative Branch

Spanish Parliament (Cortes Generales). The legislative authority of the State is exercised by the Spanish Parliament which represents the Spanish people and controls the administration's actions. It has two houses: the Congress of Representatives and the Senate. This is, therefore, what is known as an "imperfect bicameral" parliamentary system, because the powers of the two houses are not equal. Representatives and senators are elected for four years. It is

possible for the Spanish Parliament to be dissolved ahead of time at the Spanish president's request.

The Congress of Representatives has 350 members. Every draft and proposed law, without exception, must be studied first by this house. The Senate has the power to veto or amend the texts written by the Congress, which is then responsible for the final decision after studying it again. Likewise, it is Congress that confirms and confers powers upon the president, which means that this house can bring about his resignation by either passing a motion of censure or refusing a vote of confidence requested by the president's administration.

The Senate. Designed by the constitution as the house of territorial representation, it consists of 256 Senators (208 seats elected by direct, universal suffrage, i.e. 4 per province, plus 48 designated by the parliaments of the autonomous regions).

The Executive Branch

The Administration. The text of the Spanish constitution barely differs from common contemporary parliamentarianism as regards the administration's functions. The administration is responsible for exercising executive powers, initiating legislative activity and drafting the general national budget and it is also empowered to govern using emergency legislation (which must be ratified by Congress). The administration directs domestic and foreign policy, civil and military administration and national defence.

In Spain, the administration is created in two different stages. In the first phase, the presidential candidate submits his/her administration programme to be considered by Congress. In the second phase, after the president has been approved by Congress and appointed by the King, he presents the King with his proposed list of ministers. This proposal power and the responsibility of overseeing governmental action means that the figure of the president stands out above other figures in the internal organisation of the executive branch, to such



Congress of Representatives.

an extent that Spain's constitutional regime could technically be described as a prime minister system.

The executive's governing body is the Council of Ministers consisting of the president, the vice-president(s) and the ministers who usually meet once a week. The current administration consists of the president, two vice-presidents, each of whom holds a ministerial office, and a total of 17 ministers. Over half of the ministries are headed by women.

Government control institutions

There are two institutions directly answerable to the Spanish Parliament with specific responsibilities deriving from the constitution for the purpose of controlling and monitoring the administration in power:

The Court of Auditors. According to article 136 of the constitution, this court is the highest authority on matters of national and public accounts auditing and budget management. As mentioned above, it is answerable to the Spanish Parliament, and any disputes that may arise in relation to its competences and attributed powers are settled by the Constitutional Court. It is regulated by Organic Law 2/1982 of 12 May. Its chairman is appointed by the king from among its members, based on the proposal of the plenary assembly, for a three-year term. The plenary assembly consists of 12 councillors and the Chief Prosecutor.

The Ombudsman. The Spanish constitution of 1978 created the office of ombudsman as the “High Commissioner” of the Spanish Parliament charged with safeguarding and protecting basic rights.

The ombudsman is elected by Spanish Parliament for a five-year term pursuant to Organic Law 3/1981 of 6 April, regarding the office of ombudsman. At the regional level, this office tends to be assigned much more generalised responsibilities.

The government’s consultative bodies

The Council of State is the administration’s highest consultative body, regulated by Organic Law 3/1980 of 22 April. Its main function is consultative and confined to issuing opinions about the subject of the enquiry.

The Economic and Social Council. This is a high-level body which the government consults on socioeconomic matters, as well as a forum of understanding for social and economic agents, whose primary purpose is to develop and apply the Social and Democratic Rule of Law. It consists of a chairman and sixty members: twenty councillors designated by labour union organisations, another twenty chosen by business organisations, and twenty others from various associations and organisations.

The Judiciary Branch

According to the constitution, justice rests with the people and is administered on the King’s behalf by the judges and magistrates of the judiciary branch. Emphasis must be placed, above all, on jurisdictional unity; in Spain, justice is administered by a single corps of judges and magistrates.

The Supreme Court. This is the state’s highest jurisdictional authority, except on matters of constitutional guarantees which fall to the Constitutional Court. Its chairman, who also chairs the General Council of the Judiciary Power, is proposed by this body and appointed by the king.

The General Council of the Judiciary Power. This is the body that governs judges and magistrates. This council is led by the chairman of the Supreme Court, and consists of 20 other mem-

bers who serve 5-year terms and must be proposed by a three-fifths majority of Parliament and appointed by the King. Twelve of these council members must be judges or magistrates.

The Chief Prosecutor. This individual is proposed by the administration and appointed by the king after consulting with the General Council of the Judiciary Power. The purpose of the Crown Prosecution Office is to take or instigate all necessary judicial actions for safeguarding citizens’ rights and public interests protected by law, either ex-officio or at the request of the interested parties. The office is also responsible for preserving the independence of the courts and ensuring that the interests of society are served by the courts. The Prosecutor’s Office can lodge appeals on grounds of violations of rights and liberties before the Constitutional Court.

The Symbols of the State

The Flag. The flag of Spain was originally instituted by a Royal Decree issued by King Charles III on 28 May 1785. It is defined by the 1978 constitution in the following manner: “The flag of Spain consists of three bands, red, yellow and red, with the yellow band being twice as wide each of the two red bands”. Furthermore, article 1 of Law 39/1981 states that “the flag of Spain symbolises the nation. It is a sign of the sovereignty, independence, unity and integrity of our homeland and represents the noble values enshrined in the Constitution.”

The Coat of Arms. The Spanish coat of arms has undergone a series of modifications over the years since its creation in the times of the Catholic Monarchs. It is now officially defined by Law 33/81, Royal Decree 2964/81 of 18 December and Royal Decree 2267/82 of 3 September.

The National Anthem. On 10 October 1997, the characteristics and provisions governing the use of the national anthem were approved by the Council of Ministers and Royal Decree 1560/97 was published the next day in the Official Gazette of the Spanish State. This decree acknowledged that the national anthem originated with the Grenadier March or the Royal March.

The Territorial Organisation of the State

The Autonomous Regions and Cities with Statutes of Autonomy

The 1978 Constitution acknowledged and guaranteed the right of the nationalities and regions that comprise the Spanish nation to be autonomous, and the solidarity between them all. The development of the provisions of the constitution has led to a complete overhaul of the territorial organisation of the state, involving the creation of seventeen autonomous regions and two autonomous cities (Ceuta and Melilla) and the ensuing redistribution of political and administrative power between the central and regional authorities.

As a result of this process, Spain has become one of the most decentralised countries in Europe. By strengthening cohesion and solidarity, it has promoted the harmonious development of the political, social and cultural diversity that has shaped our history, while bringing institutions closer to citizens, improving democratic qualities and making a significant contribution to the important economic, social and cultural progress that Spain has attained.

Each autonomous region has its own statute of autonomy, ratified by organic laws, which constitutes the basic institutional regulations of the autonomous region and governs certain basic considerations such as the structure and management of its parliament and government, the powers and responsibilities of the autonomous region, its administration, identifying symbols and distinguishing features such as language or civil law, and relations with the State and other autonomous regions.

The distribution of powers between the State and the autonomous regions is based on the distinction between the responsibilities resting exclusively with the State or the autonomous regions, powers shared by the State and the autonomous regions, and the concurrent competences in which both the State and the autonomous regions can intervene. The exclusive faculties – of both the State and the autonomous regions – encompass legislative jurisdiction and executive authority, whereas shared competenc-



The Flag and Coat of Arms of Spain.

es may entail a different distribution of the legislative and regulatory authority between the State and the autonomous regions, which are usually endowed with executive authority in such instances. Any conflict of authority is settled by the Constitutional Court, as occurs in other politically decentralised states.

The autonomous regions have a parliamentary system of government and their basic institutions are the regional parliament, the president of the autonomous region and the regional administration. The autonomous regions have considerable economic and financial autonomy, being empowered to approve their own annual budgets and determine their own resources by means of taxes, duties and surcharges. The general funding system of autonomous regions, which also includes taxes transferred by the State and a share in state taxation, is set multilaterally by the State and the autonomous regions and, by means of a variety of financial mechanisms, ensures inter-territorial solidarity and a guaranteed minimum level of basic public services provided equally throughout the national territory.

The future of the State of Autonomous Regions. The experience of developing the State of Autonomous Regions over a period of almost thirty years, with a clearly positive outcome, has

made it possible to pinpoint operational areas in need of improvement. It has also become clear that an overhaul of the funding system is needed in order to enhance autonomy and financial self-sufficiency, as well as increase the fiscal co-responsibility of autonomous regions, thereby ensuring solidarity and territorial cohesion.

In order to perfect the State of Autonomous Regions in this respect, most autonomous regions have undertaken a revision of their Statutes of Autonomy in the last two years. At the present time, the amendments to the statutes of the Region of Valencia and of Catalonia have already been ratified and the autonomous parliaments of most of the autonomous regions have either submitted the amendments proposed for their statutes to the Spanish Parliament or are working on them.

The socialist administration led by José Luis Rodríguez Zapatero set a precedent by organising the first annual conference of regional presidents, with the goal of furthering a territorial model of governance that has so far proved to be tremendously successful.

Furthermore, the national government and the autonomous regions are currently working on a reform of the general public funding system. Another item on the administration's agenda is a limited reform of the constitution, one of the main aims of which is to strengthen the Senate as a house of territorial integration and representation. It may therefore be said that the State of Autonomous Regions is currently in a mature phase of fine-tuning which will take several years to complete.

Local Authorities

There are 50 provinces and 8,111 municipalities (as of 2006), whose numbers of inhabitants are very unevenly distributed. Hence, 4,901 municipalities (60.42% of the total) have populations of fewer than 1,000 inhabitants, while 6,876 (84.77% of the total) are municipalities with fewer than 5,000 inhabitants. Only 132 municipalities (1.62% of the total) have populations of more than 50,000 inhabitants.

From an organisational standpoint, the institutions responsible for running and administering

the municipalities are the town councils, while the provinces are overseen by provincial councils. The Balearic and Canary Islands operate under a special local regime of inter-island councils.

The town councils comprise the mayor (who chairs the council), the deputy mayors, the governing board and the plenary assembly, consisting of all the councillors directly elected by the inhabitants of the municipality. Elections are held using open lists in municipalities with between 100 and 250 inhabitants, and closed lists in townships with more than 250 inhabitants, by proportional representation.

The mayor is elected by an absolute majority of the town councillors. If there is no absolute majority, the councillor heading the list that receives the most votes is proclaimed mayor, and in the case of open-list municipalities, the councillor obtaining the most votes from the people in the councillors' elections is proclaimed mayor.

A special Open-Council system is used in municipalities with fewer than 100 inhabitants, as well as in certain towns that choose to adopt it (either because of historical tradition or by virtue of a municipal decision ratified by the regional authorities). Under this unique system of government and administration, resident voters directly elect their mayor using the simple majority system – an authentic example of direct democracy at work.

Not only Spanish voters have the right to active and passive suffrage in local elections; citizens of the European Union living in Spain in the same conditions as Spaniards are also entitled to exercise this right, as are foreigners whose countries have signed reciprocal agreements with Spain to this effect.

The provincial councils are chosen by the town councillors of the province from among their ranks, and their basic task is to help and cooperate with the municipalities, particularly those with the least financial and management capacity, and likewise to ensure the mandatory minimum services that the municipalities are required to provide by law.

The Canary Islands and the Balearic Islands are governed and administered by the inter-island councils.

AUTONOMOUS REGION OF ANDALUSIA

• Location



• Flag



• Coat of Arms

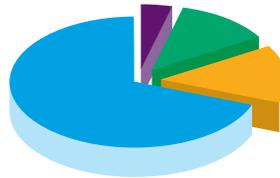


• Capital: Seville

• Socio-economic data

Surface area (km ²)	87,591
Population, 2005 electoral register	7,849,799
Population density (inhab. / km ²)	89.6
GDP mp (millions) 2005	124,406.9
Regional GDP mp / national GDP (%) 2005	13.8
GDP (PPP) per capita (EU25 average=100) 2004	75.7

BREAKDOWN OF 2005 GDP



■ Agriculture: 5.5%	■ Construction: 14.1%
■ Industry: 12.2%	■ Services: 68.2%

AUTONOMOUS REGION OF ARAGON

• Location



• Flag



• Coat of Arms

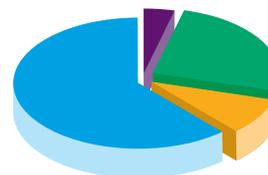


• Capital: Saragossa

• Socio-economic data

Surface area (km ²)	47,698
Population, 2005 electoral register	1,269,027
Population density (inhab. / km ²)	26.6
GDP mp (millions) 2005	28,013.1
Regional GDP mp / national GDP (%) 2005	3.1
GDP (PPP) per capita (EU25 average=100) 2004	105.1

BREAKDOWN OF 2005 GDP



■ Agriculture: 5.0%	■ Construction: 11.1%
■ Industry: 23.7%	■ Services: 60.1%

AUTONOMOUS REGION OF PRINCIPALITY OF ASTURIAS

• Location



• Flag



• Coat of Arms

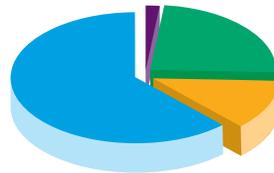


• Capital: Oviedo

• Socio-economic data

Surface area (km ²)	10,604
Population, 2005 electoral register	1,076,635
Population density (inhab. / km ²)	101.5
GDP mp (millions) 2005	19,610.0
Regional GDP mp / national GDP (%) 2005	2.2
GDP (PPP) per capita (EU25 average=100) 2004	85.3

BREAKDOWN OF 2005 GDP



Agriculture: 2.3%	Construction: 13.6%
Industry: 22.7%	Services: 61.4%

AUTONOMOUS REGION OF THE BALEARIC ISLANDS

• Location



• Flag



• Coat of Arms

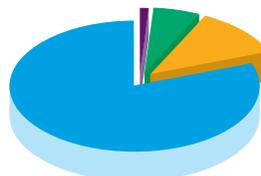


• Capital: Palma de Mallorca

• Socio-economic data

Surface area (km ²)	4,992
Population, 2005 electoral register	983,131
Population density (inhab. / km ²)	196.9
GDP mp (millions) 2005	22,285.5
Regional GDP mp / national GDP (%) 2005	2.5
GDP (PPP) per capita (EU25 average=100) 2004	110.9

BREAKDOWN OF 2005 GDP



Agriculture: 1.4%	Construction: 11.0%
Industry: 6.8%	Services: 80.8%

AUTONOMOUS REGION OF THE CANARY ISLANDS

• **Location**



• **Flag**



• **Coat of Arms**

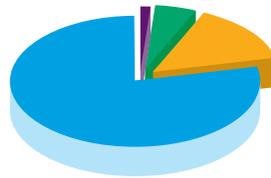


• **Capitals: Sta. Cruz de Tenerife and Las Palmas de Gran Canaria**

• **Socio-economic data**

Surface area (km ²)	7,447
Population, 2005 electoral register	1,968,280
Population density (inhab. / km ²)	264.3
GDP mp (millions) 2005	36,433.0
Regional GDP mp / national GDP (%) 2005	4.0
GDP (PPP) per capita (EU25 average=100) 2004	90.7

BREAKDOWN OF 2005 GDP



■ Agriculture: 1.5%	■ Construction: 11.7%
■ Industry: 6.6%	■ Services: 80.3%

AUTONOMOUS REGION OF CANTABRIA

• **Location**



• **Flag**



• **Coat of Arms**

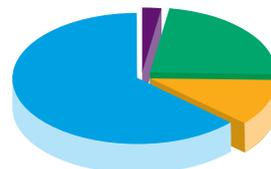


• **Capital: Santander**

• **Socio-economic data**

Surface area (km ²)	5,253
Population, 2005 electoral register	562,309
Population density (inhab. / km ²)	107.0
GDP mp (millions) 2005	11,382.9
Regional GDP mp / national GDP (%) 2005	1.3
GDP (PPP) per capita (EU25 average=100) 2004	96.5

BREAKDOWN OF 2005 GDP



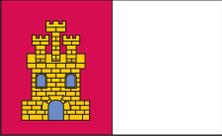
■ Agriculture: 3.7%	■ Construction: 13.3%
■ Industry: 21.0%	■ Services: 62.1%

AUTONOMOUS REGION OF CASTILE-LA MANCHA

• Location



• Flag



• Coat of Arms

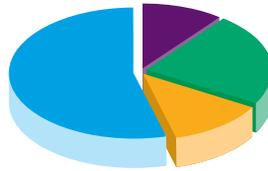


• Capital: Toledo

• Socio-economic data

Surface area (km ²)	79,409
Population, 2005 electoral register	1,894,667
Population density (inhab. / km ²)	23.9
GDP mp (millions) 2005	30,566.6
Regional GDP mp / national GDP (%) 2005	3.4
GDP (PPP) per capita (EU25 average=100) 2004	76.7

BREAKDOWN OF 2005 GDP



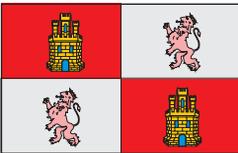
Agriculture: 10.9%	Construction: 13.9%
Industry: 19.3%	Services: 55.9%

AUTONOMOUS REGION OF CASTILE AND LEON

• Location



• Flag



• Coat of Arms



• Capital: Valladolid

• Socio-economic data

Surface area (km ²)	93,814
Population, 2005 electoral register	2,510,849
Population density (inhab. / km ²)	26.8
GDP mp (millions) 2005	48,894.2
Regional GDP mp / national GDP (%) 2005	5.4
GDP (PPP) per capita (EU25 average=100) 2004	92.1

BREAKDOWN OF 2005 GDP



Agriculture: 7.7%	Construction: 11.8%
Industry: 19.8%	Services: 60.6%

AUTONOMOUS REGION OF CATALONIA

• **Location**

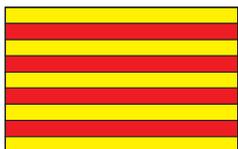


• **Capital: Barcelona**

• **Socio-economic data**

Surface area (km ²)	32,091
Population, 2005 electoral register	6,995,206
Population density (inhab. / km ²)	214.4
GDP mp (millions) 2005	170,425.8
Regional GDP mp / national GDP (%) 2005	18.8
GDP (PPP) per capita (EU25 average=100) 2004	117.8

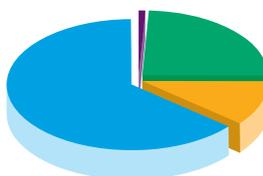
• **Flag**



• **Coat of Arms**



BREAKDOWN OF 2005 GDP



■ Agriculture: 1.5%	■ Construction: 9.9%
■ Industry: 23.0%	■ Services: 65.6%

AUTONOMOUS REGION OF EXTREMADURA

• **Location**



• **Capital: Mérida**

• **Socio-economic data**

Surface area (km ²)	41,634
Population, 2005 electoral register	1,083,879
Population density (inhab. / km ²)	26.0
GDP mp (millions) 2005	15,026.5
Regional GDP mp / national GDP (%) 2005	1.7
GDP (PPP) per capita (EU25 average=100) 2004	65.2

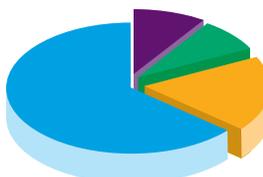
• **Flag**



• **Coat of Arms**



BREAKDOWN OF 2005 GDP



■ Agriculture: 11.3%	■ Construction: 15.5%
■ Industry: 9.5%	■ Services: 63.7%

AUTONOMOUS REGION OF GALICIA

• Location



• Flag



• Coat of Arms

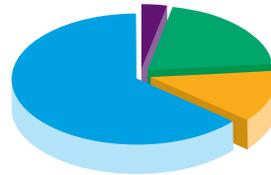


• Capital: Santiago de Compostela

• Socio-economic data

Surface area (km ²)	29,574
Population, 2005 electoral register	2,762,198
Population density (inhab. / km ²)	93.4
GDP mp (millions) 2005	45,780.5
Regional GDP mp / national GDP (%) 2005	5.1
GDP (PPP) per capita (EU25 average=100) 2004	78.5

BREAKDOWN OF 2005 GDP



Agriculture: 5.3%	Construction: 13.0%
Industry: 19.2%	Services: 62.5%

AUTONOMOUS REGION OF LA RIOJA

• Location



• Flag



• Coat of Arms

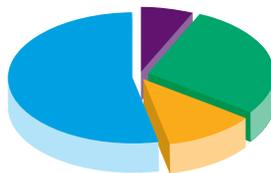


• Capital: Logroño

• Socio-economic data

Surface area (km ²)	5,029
Population, 2005 electoral register	301,084
Population density (inhab. / km ²)	59.9
GDP mp (millions) 2005	6,705.5
Regional GDP mp / national GDP (%) 2005	0.7
GDP (PPP) per capita (EU25 average=100) 2004	106.8

BREAKDOWN OF 2005 GDP



Agriculture: 8.2%	Construction: 11.1%
Industry: 25.3%	Services: 55.4%

AUTONOMOUS REGION OF MADRID

• **Location**



• **Capital: Madrid**

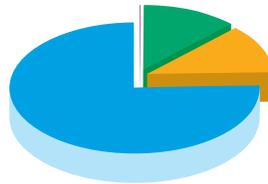
• **Socio-economic data**

Surface area (km ²)	8,022
Population, 2005 electoral register	5,964,143
Population density (inhab. / km ²)	743.5
GDP mp (millions) 2005	160,297.1
Regional GDP mp / national GDP (%) 2005	17.7
GDP (PPP) per capita (EU25 average=100) 2004	129.0

• **Flag**



BREAKDOWN OF 2005 GDP



• **Coat of Arms**



Agriculture: 0.2%
 Construction: 10.5%
 Industry: 13.2%
 Services: 76.1%

AUTONOMOUS REGION OF MURCIA

• **Location**

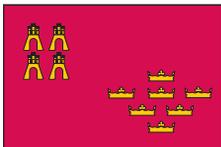


• **Capital: Murcia**

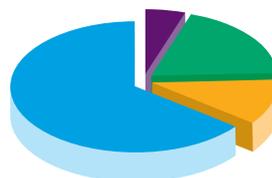
• **Socio-economic data**

Surface area (km ²)	11,313
Population, 2005 electoral register	1,335,792
Population density (inhab. / km ²)	118.1
GDP mp (millions) 2005	22,812.1
Regional GDP mp / national GDP (%) 2005	2.5
GDP (PPP) per capita (EU25 average=100) 2004	82.4

• **Flag**



BREAKDOWN OF 2005 GDP



• **Coat of Arms**



Agriculture: 6.7%
 Construction: 12.2%
 Industry: 17.3%
 Services: 63.8%

AUTONOMOUS REGION OF NAVARRE

• Location



• Flag



• Coat of Arms

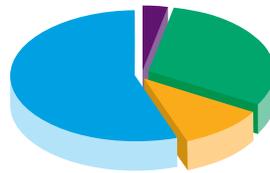


• Capital: Pamplona

• Socio-economic data

Surface area (km ²)	9,801
Population, 2005 electoral register	593,472
Population density (inhab. / km ²)	60.6
GDP mp (millions) 2005	15,472.2
Regional GDP mp / national GDP (%) 2005	1.7
GDP (PPP) per capita (EU25 average=100) 2004	124.6

BREAKDOWN OF 2005 GDP



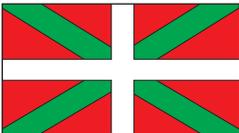
Agriculture: 3.3%	Construction: 10.5%
Industry: 28.8%	Services: 57.3%

AUTONOMOUS REGION OF THE BASQUE COUNTRY

• Location



• Flag



• Coat of Arms

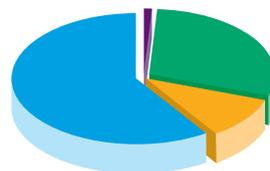


• Capital: Vitoria-Gasteiz

• Socio-economic data

Surface area (km ²)	7,089
Population, 2005 electoral register	2,124,846
Population density (inhab. / km ²)	299.7
GDP mp (millions) 2005	55,866.2
Regional GDP mp / national GDP (%) 2005	6.2
GDP (PPP) per capita (EU25 average=100) 2004	122.9

BREAKDOWN OF 2005 GDP



Agriculture: 1.5%	Construction: 9.4%
Industry: 29.2%	Services: 59.8%

AUTONOMOUS REGION OF VALENCIA

• **Location**



• **Capital: Valencia**

• **Socio-economic data**

Surface area (km ²)	23,254
Population, 2005 electoral register	4,692,449
Population density (inhab. / km ²)	201.8
GDP mp (millions) 2005	87,221.0
Regional GDP mp / national GDP (%) 2005	9.6
GDP (PPP) per capita (EU25 average=100) 2004	91.5

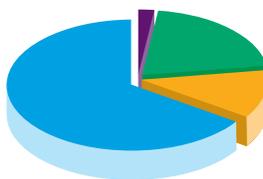
• **Flag**



• **Coat of Arms**



BREAKDOWN OF 2005 GDP



■ Agriculture: 2.6%	■ Construction: 12.2%
■ Industry: 18.9%	■ Services: 66.3%

AUTONOMOUS CITY OF CEUTA

• **Location**



• **Capital: Ceuta**

• **Socio-economic data**

Surface area (km ²)	19
Population, 2005 electoral register	75,276
Population density (inhab. / km ²)	3,961.9
GDP mp (millions) 2005	1,345.5
Regional GDP mp / national GDP (%) 2005	0.1
GDP (PPP) per capita (EU25 average=100) 2004	87.8

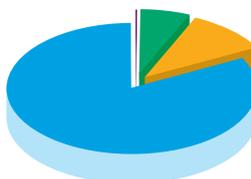
• **Flag**



• **Coat of Arms**



BREAKDOWN OF 2005 GDP



■ Agriculture: 0.3%	■ Construction: 8.2%
■ Industry: 6.8%	■ Services: 84.7%

AUTONOMOUS CITY OF MELILLA

• Location



• Flag



• Coat of Arms

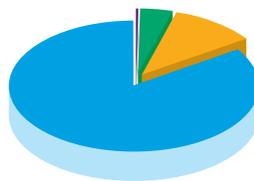


• Capital: Melilla

• Socio-economic data

Surface area (km ²)	13
Population, 2005 electoral register	65,488
Population density (inhab. / km ²)	5,037.5
GDP mp (millions) 2005	1,221.0
Regional GDP mp / national GDP (%) 2005	0.1
GDP (PPP) per capita (EU25 average=100) 2004	85.0

BREAKDOWN OF 2005 GDP



■ Agriculture: 0.9%	■ Construction: 9.8%
■ Industry: 4.5%	■ Services: 84.8%

RELATED LINKS

The following links are suggested for official web sites of interest:

a) For general information regarding the State of Autonomous Regions, various data can be consulted on the Ministry of Public Administrations website at the following URLs:

– For autonomous regions:

http://www.map.es/documentacion/politica_autonomica/estado_autonomico.html

– For local government institutions:

http://www.map.es/documentacion/entes_locales/registro_alcaldes.html

b) For links to the official web pages of territorial authorities, please consult the following URLs:

– For autonomous regions:

http://www.map.es/enlaces/administraciones_autonomicas.html

– For local government institutions:

http://www.map.es/enlaces/entidades_locales.html

THE LANGUAGES OF SPAIN

According to article 3 of the constitution, Castilian Spanish is the official language of Spain and all Spaniards are duty-bound to know it and entitled to use it. The other languages of Spain are also official in their respective autonomous regions pursuant to their statutes. The constitution also declares the different linguistic modalities of Spain to be a cultural heritage and wealth which must be granted special respect and protection.

This is the first time in the history of Spain that the right of the autonomous regions of the Basque Country, Galicia, Catalonia, the Balearic Islands and the Region of Valencia to use their languages (Basque, Galician, Catalan and Valencian) is acknowledged, without detriment to Castilian Spanish.

Spanish and the languages of Spain, a vibrant cultural heritage

The official state language, Castilian Spanish, is the language of the former kingdom of Castile. As it spread across in the globe in the 16th and 17th centuries, it became increasingly known as Spanish. Since then the two names have co-existed. It is generally understood that Spanish is the appropriate term for the language on the international scene, while Castilian Spanish is preferred inside Spain, where there are other languages that are also equally Spanish. This is why the constitution says, "Castilian Spanish is the official language of the State."

Castilian Spanish, like the other Romance languages, took shape during an extended period of time that lasted from the fourth to the tenth century, as a consequence of the fragmentation of Latin. By the 13th century, it was already a language of culture. Epic folk poetry gave rise to the *Cantar de Mio Cid*, an anonymous, twelfth-century poem so masterfully written that it suggests a preceding, older literary tradition. Meanwhile, the monks in the monasteries created the clerical verse form, masterfully exemplified by the work of Gonzalo de Berceo.

In the early 16th century, Castilian Spanish had spread across the Iberian Peninsula and

had begun to be an international language. Its prestige spread throughout Europe, particularly to the Italian states and Flanders, but also to France, Great Britain and Germany.

The crucial moment of its spread across the world was undoubtedly the discovery of America in 1492. Castilian Spanish was exported to the new overseas territories, where it absorbed many words from the native languages. Christopher Columbus himself recorded some of these new words in his diaries: canoa (canoe), hamaca (hammock), tiburón (shark), tabaco (tobacco) and caimán (alligator). Over the course of five centuries, Castilian Spanish took root and spread from Tierra del Fuego to the Rio Grande and beyond, reaching as far as the Philippines in Asia. The old language of Castile had become Spanish.

The Spanish language has been growing since the 16th century and has not ceased to spread over the years. By the late 19th century, it had some 60 million speakers. One hundred years later, with almost 400 million speakers, it is the fourth most spoken language in the world after Chinese, English and Hindi, and everything suggests that this expansion will continue well into and even beyond the 21st century.

At present, it is the official language of about twenty countries around the globe and one of the three languages usually considered to be an official or working language by countless international organisations. The USA, with over 35 million Hispanics, is the fifth nation in the world in terms of Spanish speakers after Mexico, Spain, Colombia and Argentina.

Spanish speakers account for approximately 6% of the world's population – taking into account only those nations where it is the official language – in comparison with English speakers (8.9%) or French speakers (1.8%). Another significant fact is that Spanish is spoken by 94.6% of the population living in the countries where it is an official language, a far higher percentage than French (34.6%) or English (27.6%).

The Cervantes Institute was created in 1991 to promote Spanish internationally and spread culture in the Spanish language. This non-profit body is governed by its board of trustees, of which His Majesty the King of Spain is the hon-

orary chairman. The executive chairmanship is occupied by the president of Spain.

Catalan. Catalan is, together with Spanish, the official language of Catalonia (1979) and the Balearic Islands (1983). Outside Catalonia, it is spoken in the Principality of Andorra, along the Aragonese-Catalonian border, in the trans-Pyrenees territories of Roussillon and Cerdaña, and in the Italian city of Alghero (Sardinia).

Catalan first appeared in written documents in the latter half of the 12th century. Legal, economic, religious and historical texts in Catalan have survived from this period. The earliest known text penned entirely in Catalan is the translation of a short excerpt of *Liber iudiciorum*, the Visigothic Law Code, dating from the latter half of the 12th century.

The first great, universal literary master in Catalan was Ramón Llull in the 13th century. He was the first writer to use Catalan in literary prose as an everyday vehicle of communication and also as a useful tool for cultural expression. But it was not until the 15th century that the Catalan narrative reached glorious heights with Joanot Martorell, whose work *Tirant lo Blanc* is deemed to be the first modern novel of European literature.

As a consequence of the War of Spanish Succession (1705-1715), Philip V dissolved all the governing institutions still in existence in Catalonia and applied common laws to all the territories under the Crown of Castile. Catalan underwent several periods of prohibition and repression, and the varying degree of implantation and use of the language in its own territory since the 18th century is the outcome of political rather than strictly socio-cultural reasons.

The 19th century saw the dawn of an economic, cultural and national revival known as the *Renaixença*. The Catalan language began to blossom once again as a vehicle for literary culture thanks to the Juegos Florales literary awards and leading figures including Jacint Verdaguer, Narcís Oller and Àngel Guimerà.

The *Renaixença* raised awareness about the lack of unity in the use of the language (there was no common model for the written language) and the need to establish set spelling

rules. The creation of the Institut d'Estudis Catalans (1907) made regulation possible with the publication of *Normes ortogràfiques* (1913), *Diccionari ortogràfic* (1917) and *Gramàtica catalana de Fabra* (1918).

Valencian. Article 7 of Valencia's statute of autonomy states that the region's two official languages are Valencian and Castilian Spanish, and goes on to say that the Valencian Regional Government will safeguard the normal and official use of the two languages and will take such measures as may be necessary to ensure the knowledge of the same, in addition to affording particular protection and respect to the recuperation of Valencian.

Its literary splendour peaked in the 15th and part of the 16th centuries. Under the Dukes of Calabria, writings in Valencian gradually began to acquire Castilian Spanish forms, although it remained alive in everyday use.

In the late 19th century, the movement known as the *Renaixença* brought about a minor revival in the use of the language in literary publications and competitions that lasted until the opening decades of the 20th century.

In the year 1932, the Castellón spelling rules were signed, which Valencian men of letters abided by without problems for forty years.

In Law 7/1998 of 16 September, the Valencian Parliament ratified the creation of the Valencian Language Academy, whose function is, according to its 3rd article, to determine (and create, when applicable) the linguistic rules of the Valencian language.

Basque. One of the oldest languages in Europe, the origins of the Basque language are the subject of wide range of hypotheses. Because of certain similarities with Georgian, some linguists believe it may be related to Caucasian languages. Today, Basque is spoken in the Spanish Basque country, Navarre and the French Basque territory.

The first known texts written in Basque date from the 16th century, when Bernard Dechepare published *Linguae Vasconum Primitiae* in 1545. Later, in 1571, Joanes Leizarraga translated the New Testament into Basque (*Testamentu Berrria*).

In 1979, the statute of autonomy declared Basque to be the official language of the Basque

Autonomous Region, and since then, many regulations have been implemented and many bodies and institutions have been created in order to recuperate the knowledge, use and status of Basque.

Galician. This tongue is spoken almost everywhere in Galicia and in bordering areas of Asturias, Leon and Zamora. Its literature flourished splendidly in the Middle Ages. The *Cantigas de Santa María* by King Alfonso X, also known as Alfonso the Wise, are a fine example of its use and prestige as a language of literature in the closing years of the 13th century.

The 19th century witnessed the *Rexurdimento* (resurgence) of literature and movements in defence of the singular nature of Galicia in many aspects, including its language.

The publication of *Cantares Gallegos* by Rosalía de Castro in 1863 was a literary response to the language of a people who remained faithful to their culture. The year 1905 saw the constitution of the Royal Academy of Galicia, which marked the institutionalisation of the process to recover the language.

The *Irmadades da fala* (Language Fraternities), the *Nós* group and other social movements support and revitalize people's loyalty to the language, which also suffered the onslaught of the Spanish Civil War and its consequences. Those dramatic circumstances were overcome, and from 1960 onwards what Celso Emilio Ferreiro described as the *Longa noite de Pedra* (Long night of stone) started to become a thing of the past.

THE POLITICAL ARENA: HISTORICAL AND CONSTITUTIONAL FOUNDATIONS

Over the course of the 19th century and until the Civil War broke out in 1936, Spain had had seven constitutions, as well as several similar projects and amendments that were never enacted.

In fact, this trait of the history of the Spanish constitution dates back to its very origins. The

text of the first truly Spanish constitution, enacted in the city of Cadiz in 1812, was abolished by King Ferdinand VII upon his return to Spain two years later. As a result, the intention of allowing the principle of national sovereignty to prevail over the political organisation of the Old Regime was nipped in the bud and a period fraught with conspiracies, sectarianism and exiles began.

The major political changes of nineteenth-century Spain did not occur because of the constitution itself, but rather due to political positions in favour of or against the very notion of a constitution as the instrument for determining national sovereignty. In other words, these changes resulted from battles between the principle of democracy and the principle of the monarchy. The typically doctrinarian idea of shared sovereignty enjoyed much more widespread support in Spain than democratic ideals. One example shows this clearly: the constitutions based on the idea of national sovereignty or popular sovereignty (i.e. those of 1812, 1837, 1869 and 1931) were in force for a total of twenty-two years, in comparison with the seventy-two years of duration of all of the constitutions in which sovereignty was shared by the monarch and the parliament (those of 1834, 1845 and 1876).

The Spanish people's advocacy of one constitutional concept or another ended abruptly with the military uprising of 18 July 1936 and the Spanish Civil War that broke out between the revolting military and forces loyal to the legally constituted government. Despite the bitterness and injustices arising from the Civil War and Franco's dictatorship, the political change that took place after General Franco's death in 1975 was the paradigm of a peaceful transition to democracy. Its foundations are rooted in the 1970s, when the Spanish economy experienced a boom that undoubtedly fed the increasing demands for an opening-up of the political system while emphasising the outdated nature of the dictatorship. A singular paradox of the Spanish democratic transition lies in the fact that the legal and political regulations of the dictatorship, or Fundamental Laws as they were called, were used to draft a new Fundamental Law that served as a bridge to cross over from the past to a new democratic regime.

This law, known as the Political Reform Law, was drafted by President Adolfo Suárez's administration in September 1976, and was endorsed almost unanimously by the parliament inherited from the previous regime, thereby condemning its own existence. At the end of the year, a referendum, in which the opposition unsuccessfully promoted abstention, passed the law with an overwhelming majority. Its provisions enabled the first democratic elections to be held in June 1977.

Without the restraint and caution shown by most political and social forces, and without the responsibility shown by Spanish society as a whole and the staunch commitment of H.M. King Juan Carlos I to the democratic change, none of this would have been possible.

The Political Parties

Pursuant to article 6 of the Spanish constitution, the political parties are an expression of political pluralism; they take part in shaping and manifesting the people's will and are a fundamental instrument for participation in politics. The constitution protects their creation and their activity and determines that they must be structured and run in a democratic manner.

Organic Law 6/2002 concerning political parties, governs the parties' legal bylaws. It lists and specifies the constitutional requirements concerning how they are organised, run and operated, subject to the constitution and the law, particularly with regard to the democratic principles and constitutional values that must be respected in their internal organisation and external activities. Its objectives include safeguarding the running of the democratic system and the basic liberties of citizens, thereby preventing any political party from repeatedly making serious attacks on this democratic regime of liberties, justifying racism and xenophobia or providing political support for the violence or activities of terrorist groups.

Organic Law 3/1987 concerning the funding of political parties lays the foundations for the public financing of parties on the basis of their parliamentary representation.

RESULTS OF THE 2004 AND 2008 SPANISH PARLIAMENTARY ELECTIONS (CONGRESS OF REPRESENTATIVES)

Party	Seats 2008	Seats 2004
PSOE-PSC	169	164
PP	154	148
CIU	10	10
PNV	6	7
ERC	3	8
IU-ICV	2	5
BNG	2	2
CC-PNC	2	3
UPyD	1	–
NA-BAI	1	1
EA	–	1
CHA	–	1

The moderate, pluralist party system is characterised by the existence of regional and nationalist parties that reflect the autonomous system and the territorial organisation of the State.

Approximately 2,700 parties are officially inscribed in the Political Party Register, although only a few have a minimum of organisational capacity, and even fewer have a significant representation in regional or national parliaments.

The political parties that currently constitute the Congress of Representatives are organised in the following parliamentary groups:

Spanish Socialist Workers' Party (Partido Socialista Obrero Español, PSOE)

This party is currently in power. It is the oldest political party in Spain, founded in 1879 by Pablo Iglesias, who also founded the General Workers' Union (Union General de Trabajadores, UGT) some years later. Since the 1970s, it has embraced a Western European socio-democratic ideology, and the party is situated on the centre left of the Spanish political spectrum.

In the general elections of 1977 and 1979, the PSOE became the main opposition party, and in the 1979 local elections it came to power in many of Spain's most important mayors' offices. In the parliamentary elections of October 1982, with 202 seats, it acquired an absolute majority that was maintained until the

1993 elections, when it received enough votes to remain in the government with a relative majority until the following elections, in 1996, which were won by the People's Party. In the 2000 elections it continued to be the main opposition party and the second party with most votes. The 2004 parliamentary elections enabled the PSOE to return to power with 164 representatives and a relative majority, and the 2008 elections permitted the party to maintain that relative majority.

The socialist parliamentary group includes the seats won by the PSOE and those obtained by the PSC-PSOE (Socialist Party of Catalonia) in the provinces of the Autonomous Region of Catalonia.

People's Party (Partido Popular, PP)

This group was founded in 1977 by Manuel Fraga under the name of the People's Alliance (Alianza Popular, AP); its present-day name was adopted in 1989. The PP occupies a position on the centre-right of the party system.

Its results in the 1977 elections were respectable, but in 1982 it became the second most-voted party and the main opposition force. It obtained more seats in the 1991 regional elections. In the 1993 parliamentary elections, more seats were won, and it came into power in 1996 with a relative majority that was to become absolute when 183 seats were won in the 2000 general elections. In 2004, with 148 deputies, it became the second most-voted party and the main opposition party. In the 2008 elections, with 154 seats, it consolidated its status as the second most-voted party.

The PP formed a coalition with the Navarre People's Union (Unión del Pueblo Navarro, UPN) in the Navarre constituency. Together, the two parties comprise the so-called people's group in parliament.

Convergence and Union (Convergència i Unió, CIU)

This party began as an electoral coalition in 1977. Since 2002 it has been a federation consisting of two moderate nationalist parties: Democratic Convergence of Catalonia (Convergència Democràtica de Catalunya, CDC) of a liberal slant, and Democratic Union of Cata-

lonia (Unió Democràtica de Catalunya, UDC) of a Christian democratic slant. It governed the Autonomous Region of Catalonia from 1980 to 2003. After the parliamentary elections of 1993 and 1996 it played a key role in helping the administrations of the PSOE and the PP to obtain a parliamentary majority, as the elections had only won them relative majorities.

Republican Left of Catalonia (Esquerra Republicana de Catalunya, ERC)

Founded in 1931, this Catalanian political party has a progressive, republican and pro-independence ideology. In the 1993 parliamentary elections, it won its first seat in the Congress of Representatives and hung on to it in the 1996 and 2000 elections. In 2003, this party held the balance of power in the Catalanian parliament. It made considerable advances in the last parliamentary elections (2004), winning eight seats, but this number dropped three in 2008, relegating the party to the Mixed Group.

Basque Nationalist Party (Partido Nacionalista Vasco, PNV)

This party was founded in 1895 by Sabino Arana; it is a moderate nationalist, Christian party that has been in power in the Basque Country region since 1980. It won the 2001 regional elections thanks to a coalition with Eusko Alkartasuna, a move that was repeated in the 2005 elections and enabled them to govern with support from Ezker Batua. In the 2008 election it won six seats.

United Left - Initiative for Catalonia Ecologists (Izquierda Unida-Iniciativa per Catalunya Verds - IU-ICV)

This parliamentary group has five seats and consists of:

United Left (Izquierda Unida, IU): emerged in 1986 as a party coalition. In 1992 it was entered the Party Register as a political and social movement. It is now a federation of parties to the left of the political spectrum. Of the parties that comprise this federation, the Communist Party of Spain (Partido Comunista de España, PCE) stands out because of its weight and influence, being the party that the federation's main leaders belong to.

RESULTS OF THE SPANISH PARLIAMENTARY
ELECTIONS: SENATE (208 SENATORS)

Party	Seats 2008	Seats 2004
PP	101	102
PSOE	89	81
PSC-ERC ICV-EUIA	12	12
CIU	4	4
PNV	2	6
CC-PNC	–	3

Initiative for Catalonia Ecologists (Iniciativa per Catalunya Verds, ICV): is the outcome of the fusion of several socialist and green parties. It was consolidated as a political party in 1987 and adopted its current name in 1998. It has held seats in the Congress of Representatives since 1986.

Canary Coalition (Coalición Canaria, CC): started out as an election coalition and became a federation of parties in 1997. It is a group of small political parties from the Canary Islands that share a moderate nationalist outlook. Since 2005 it has consisted of the Independent Herrera Group (Agrupación Herrera Independiente, AHI), the Independent Canary Groups (Agrupaciones Independientes de Canarias, AIC), Canary Initiative (Iniciativa Canaria, ICAN) and the Majorera Assembly (Asamblea Majorera, AM). It heads the government of the Canary Islands Autonomous Region.

Mixed Group (Grupo Mixto): one trait that characterises the party system in Spain is the presence of regionalist and nationalist political groups with representation at the state level as well as the regional and municipal levels. Besides the regionalist and nationalist parties described above, mention must also be made of those which have less representation and have joined forces to create the Mixed Group: the Republican Left of Catalonia (Esquerra Republicana de Catalunya, ERC), with three seats, the Canary Coalition (Coalición Canaria, CC), United Left (Izquierda Unida, IU) and the Nationalist Galician Bloc (Bloque Nacionalista Galego, BNG) with two seats, and the Navarre-Yes coalition (Nafarroa-Bai or Na-Bai) and Union, Progress and Democracy (Unión Progreso y Democracia, UPyD) both with one seat.

Parliamentary, Regional, Local and European Elections

Spaniards participate in politics via their representatives who are elected by means of free, equal and direct universal suffrage cast by secret ballot in four different types of elections:

Parliamentary Elections

The aim of these elections is to designate the representatives in the Spanish Parliament (Cortes Generales). Each of the two houses in the Spanish Parliament – the Congress and the Senate – has its own electoral system.

The system in the Congress of Representatives is one of modified proportional representation. The constituencies are delimited by the provincial demarcation lines (plus Ceuta and Melilla) and are pluri-nominal. Candidates are submitted in closed, blocked lists. The number of representatives to be elected in each constituency is determined by allocating a minimum of two to each and distributing the others proportionately on the basis of population. Ceuta and Melilla have one representative each.

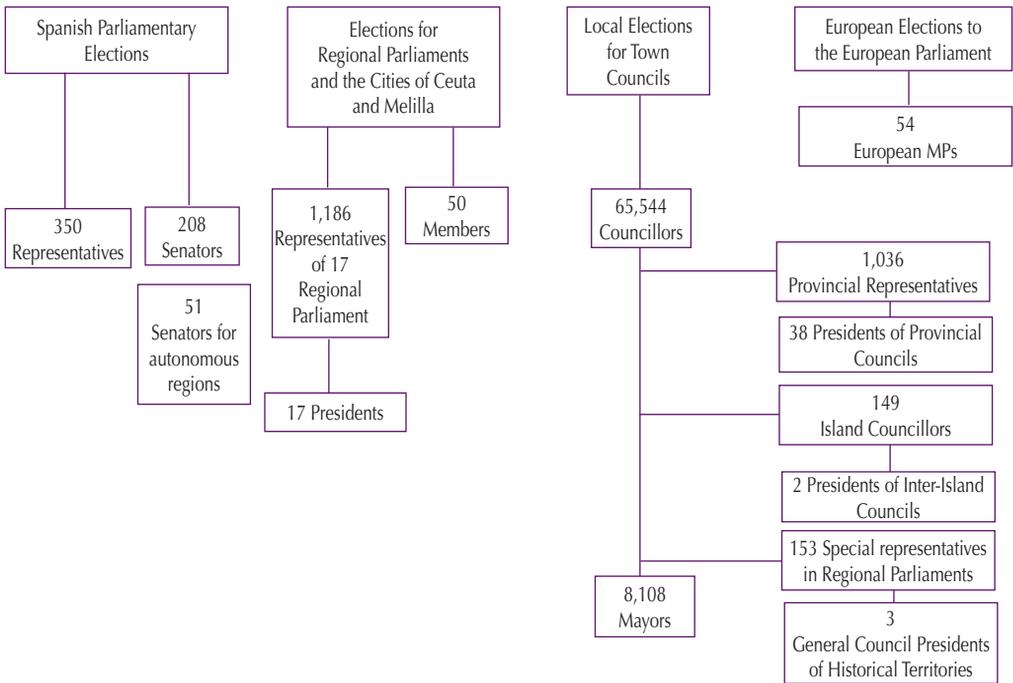
The Senate uses a limited majority voting system in pluri-nominal constituencies. Each voter can vote for up to three of the four candidates assigned to each district. The lists are open and not blocked which allows voters to choose candidates from different parties and does not require them to vote for the candidates heading up the respective lists. Voting involves marking the candidates chosen from a single list that features all of the candidates in alphabetical order. This is the procedure used to elect 208 senators, as well as the 51 designated by the houses of representatives of the Autonomous Regions (each has one senator plus one for every million inhabitants).

The Senate's electoral system is an exception in the Spanish political panorama, since the other elections (regional, local and European) use systems similar to that of the Congress of Representatives.

Regional Elections

The members of the parliaments of the 17 autonomous regions and the members of the assemblies of the cities of Ceuta and Melilla are all elected. The composition of these assemblies var-

ORGANISATION OF ELECTIONS IN SPAIN



ies from 22 to 135 seats, according to the population of each autonomous region, except in the Basque Country, which is allocated twenty-five seats for each historical territory regardless of the number of inhabitants, and the cities of Ceuta and Melilla, whose assemblies have 25 members.

Local Elections

These are held at the same time as the regional elections of 13 autonomous regions (the exceptions are Catalonia, the Basque Country, Galicia and Andalusia, which hold their elections on different dates due to the competences they have adopted) and the elections to the assemblies of the cities of Ceuta and Melilla. The outcome is the simultaneous election of councillors in more than 8,000 municipalities, who will then elect the mayors. The constituency in these elections is the electorate of townships.

A special election system is employed in towns with fewer than 100 inhabitants that operate using Open Councils, and likewise in those that, either traditionally or by a municipal

decision and with the approval of the regional authorities, have adopted this singular government and administration system in which the inhabitants eligible to vote elect the mayor directly by majority.

European Elections

These elections designate the 54 Spanish representatives in the European Parliament. The constituency is the entire territory of the State. The lists, as in the case of the Congress of Representatives, are closed and blocked. Seats are allocated using D’Hondt’s modified proportional representation formula.

THE DEFENCE OF LIBERTIES

State Security Forces

Public security is the responsibility of the state alone and is upheld by the government. These security responsibilities are regulated by the

Organic Law of 1986 concerning State Security Forces, which include:

a) The State Security Forces answerable to the government, which operate throughout Spain. They consist of the National Police Force and the Civil Guard. Their main mission is to safeguard the exercise of rights and liberties and to ensure citizen safety.

The National Police Force is a civil, armed corps answerable to the Spanish Ministry of the Interior. It operates in provincial capitals and in the municipal districts and urban areas specified by the administration.

The Civil Guard is a security force founded in the mid-19th century. It is an armed military institution answerable to the Spanish Ministry of the Interior and Ministry of Defence. It is operative in territories not covered by the national police and its territorial waters.

b) The police forces of the autonomous regions. Some Autonomous Regions, pursuant to the competences recognised enshrined in their statutes, have created police forces to perform the duties of guardianship and protection set forth in the Constitution and the Organic Law of State Security Forces. This group includes Catalonia's Mossos d'Esquadra, the Basque Country's Ertzaintza and Navarre's Policía Foral, among others.

c) The police forces answerable to local authorities. These are civil, armed forces with a hierarchical structure and organisation. Local police forces are competent in everything related to the application and execution of specifically local regulations within the scope of their faculties and jurisdiction.

In recent years, public authorities have made a significant effort to improve coordination between the State Security Forces, Regional Police Forces and Local Police Forces. Together they have over 200,000 agents working to ensure public safety in Spain.

The Fight Against Terrorism

The right to life and personal safety, as well as the freedom of expression, are fundamental

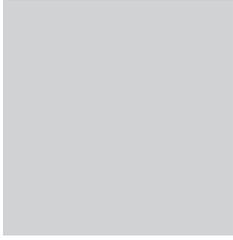
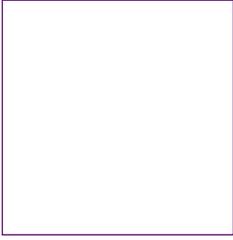
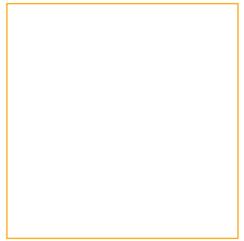
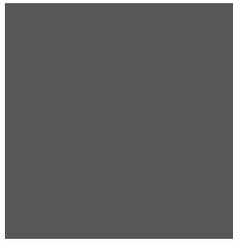
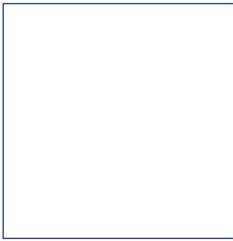
rights guaranteed by the Spanish constitution. As in other countries, these rights are at risk of being curtailed by terrorism, which is now the main threat faced by citizens.

The terrorist activities of ETA began in Spain in the 1970s, before the onset of democracy, with one clear aim: the use of violent means to forcibly gain independence for the Basque Country, including activities such as crime, kidnapping and blackmail.

With the onset of democracy, which opened up channels for the activities of all parties and organisations regardless of their aims and ideas, and following a general amnesty in 1977, Spanish society as a whole hoped that ETA would abandon their armed struggle. But this hope was dashed; not only has the terrorist group failed to relinquish its violent ideology, it has actually intensified its criminal activities indiscriminately.

On 8 December 2000, the People's Party and the Spanish Socialist Workers' Party signed the Agreement for Liberty and Against Terrorism which stipulated that "the Government of Spain is responsible for leading the fight against terrorism" and expressed "the determination to eliminate counter-terrorism policies from the sphere of legitimate political or electoral confrontation between our two parties." The agreement also affirmed that "terrorist violence shall not, under any circumstances, be used to obtain any political return or benefit whatsoever." This document was ratified by the main agents and groups of Spanish society.

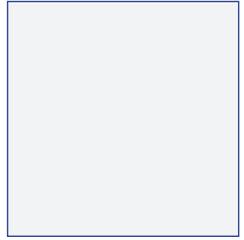
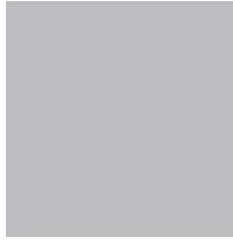
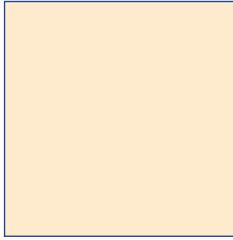
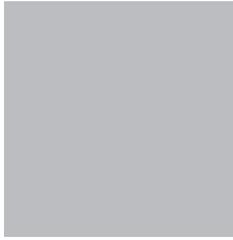
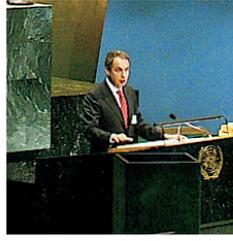
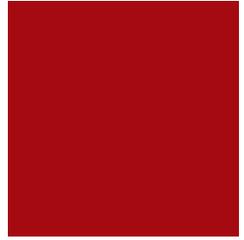
In the fight against terrorism, Spain receives support and collaboration from other countries where terrorists have been known to hide. Collaboration with France is increasingly close-knit in both political and juridical terms. Spain and France have several Joint Investigation Teams (ECIs) to combat terrorism perpetrated by ETA and radical jihadists. Furthermore, extradition from many European and Latin American countries has become standard practice, as these nations have intensified their cooperation with Spain in the struggle to eradicate terrorism.



CHAPTER IV



FOREIGN POLICY



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SPAIN AND THE EUROPEAN UNION

The European Union is an organisation open to the world, founded on common values of freedom, democracy, the rule of law and respect for human rights. Its strategic objectives include the consolidation of a stable and united Europe with a unique and independent voice in the international arena.

The EU has increasingly more responsibilities and influence in the world, commensurate with its economic, commercial and diplomatic weight. The EU is the largest commercial power in the world, with one of the strongest currencies on the market, and it is the leading provider of humanitarian aid.

The first steps towards building a united Europe (the creation of the European Community in 1951 and 1957) were taken without Spain, whose model of government did not meet the requirements set by the project's founding states. Spain was unable to take decisive steps towards establishing closer ties with Europe until the beginning of its political transition from dictatorship to democracy.

Nevertheless, there were two crucial moments before Spain's political transition that determined the definitive path towards membership. The first was the Spanish government's request presented to the EEC Council on 9 February 1962 expressing Spain's desire to become a part of the European project. The second was the signature of a preferential trade agreement with the Common Market on 29 June 1970, which facilitated a gradual integration of the Spanish economy into the community economy.

The presentation of the Spanish government's request to the Council of Ministers of the European Community on 26 July 1977 marked

the official beginning of a process that culminated in Spain joining the European Economic Community, after meeting the requirement of establishing a democratic government in our country. Adolfo Suárez's administration made intense efforts to strengthen relations with Europe. Under this president, an open and decided dialogue was begun that eventually led to the start of negotiations on 5 February 1979 for Spain's accession to the European Community. Subsequent Spanish administrations worked tirelessly to complete the different phases of Spain's incorporation into the European Community.

The administrations led by Leopoldo Calvo-Sotelo (under whom Spain joined NATO) and Felipe González handled negotiations with the Community, which were supported by the vast majority of political parties represented in the Spanish Parliament.

An important aspect of the negotiations, which lasted seven years, was the Spanish economy's adaptation to the European economy. The Community called for transition periods for the Spanish agricultural and fishing industries, and it also enforced transition periods in other areas (customs union, monopolies and services) to facilitate the gradual integration of certain production sectors.

Finally, on 12 June 1985, Spain and Portugal signed the Treaty of Adhesion to the European Community. After the treaty was signed in Lisbon, the President of Spain (Felipe González), the Minister of Foreign Affairs (Fernando Morán), the Secretary of State for Relations with the European Community (Manuel Marín) and the Permanent Representative Ambassador before the European Community (Gabriel Ferrán) signed the Treaty of Spain's Adhesion to the European Community in the Salón de Columnas of the Royal Palace in Madrid. The treaty was later unanimously ratified by the Congress of Representatives.

Over twenty years of membership

More than twenty years have passed since Spain signed the Adhesion Treaty, which means that it is now possible to take stock of the path



Felipe González, 3rd Constitutional President, signing the Treaty of Adhesion to the EEC in the presence of His Majesty the King of Spain.

Spain has travelled in the European Community, which is now the European Union.

These years have constituted one of the most important periods in our recent history. Political consolidation and the advancement of our society and our economy are realities for which we have worked intensely, aided by the boost of modernisation, growth and cohesion that our participation in the European project has provided.

The European Union has been generous to Spain and its society. The economic and social development enjoyed by Spain in 2005 is partly owing to the process of European integration. A series of data will clearly indicate what belonging to Europe has meant to Spain over the past twenty years.

From an economic standpoint, we have received net funds from the EU equivalent to 0.8% of our GDP on an annual basis since 1987. Our per capita income in 1986 registered at only 68% of the Community average. Spain has moved closer to the European average at a rate of 1 percentage point per year, and consequently we have now managed to equal this average (99.2% or 22,083 euros in 2007). EU financial aid has created around 300,000 jobs per year in Spain, and 90% of the investments that Spain receives from the entire world come from the EU. The EU receives approximately 75% of our exports and 66% of our imports come from EU nations. Finally, without

going into too much detail, some specific data from a special sector of activity – infrastructures – is well worth mentioning. Four out of every ten kilometres of the motorways stretching across our territory were financed by Community funds. Moreover, the expansion of the Madrid and Barcelona airports, the Seville underground, the Ciudad de las Artes in Valencia and the expansion of the Las Palmas Port are just some of the large-scale projects that have been made possible thanks to the assistance of the European Investment Bank.

From the social and cultural perspective, EU social funds benefitted nearly 16 million people between 2000 and 2003 alone. With regard to youth, new possibilities have opened up to them through educational programmes such as Lingua and Erasmus, which 250,000 students have benefited from to date. In the health-care field, Spaniards who travel to other EU countries now carry a European Health Insurance Card that entitles them to medical and surgical treatment should the need arise. In the cultural arena, by way of an example, the European Commission has helped to finance numerous projects such as the restoration of the Courtyard of the Lions at the Alhambra in Granada, the Monastery of Guadalupe or work to repair damages caused by the fire at the Liceo Theatre in Barcelona.

All of this data reflects how much Europe has given to Spain.

However, Spain has also given something back to Europe. Over the past twenty years as a member of the Community project, Spain has evolved into one of the most active member-states in proposing new initiatives in the heart of the Union. Clear examples of this shift include forging a concept of European citizenship that would bring the Community project closer to the end beneficiaries of the European project – the citizens. Other initiatives include promoting a social Europe, together with the concept of an economic and monetary Europe (working to consolidate the common currency, the Euro); defending the idea of the EU's economic, social and territorial cohesion; creating employment as a tool for fomenting that cohesion within the framework of the Lisbon Strategy, which has made the Union one of the most dynamic and prosperous regions in the world; creating an authentic "Area of Freedom, Security and Justice"; and contributing to the foreign relations of the EU by working to achieve stability in the Mediterranean basin, strengthening ties of cooperation with North African nations, actively mediating in the Middle East peace process, promoting the Barcelona Process and fostering a closer relationship between Latin America and Europe. These are just a few paradigmatic examples of the degree to which Spain has helped to determine the present-day configuration of the European Union.

During these past twenty years, Spain has actively supported the European project – and so have Spaniards. Proof of this was provided by the positive response of a large majority (76%) to the referendum on the Treaty for establishing a European Constitution, held on 20 February 2005 – a clear expression of Spanish citizens' commitment to the future of Europe.

Spain's active participation in the EU

The EU initiatives in which Spain has played a particularly important role and been especially active include:

- Developing and strengthening the concept of The Europe of Citizens, and using spe-

cific measures to implement it (the idea of "European citizenship", European passports, etc.).

- Advancing the concept of a social Europe together with the idea of an economic and monetary Europe by defending and enforcing economic and social cohesion in the European Union and creating employment to encourage and propel that cohesion.

- Emphasising the development of common European policies on matters concerning justice and the interior, particularly with regard to the war on international organised crime, drug trafficking and terrorism.

- Engaging in the process of developing and institutionalising relations between the EU and Latin America. The maximum exponents of this process are the Summits between the Heads of State and Government of Latin America, the Caribbean and the European Union held in Rio de Janeiro in 1999, in Madrid in May 2002, in Guadalajara (Mexico) in May 2004 and in Vienna in May 2006.

- Achieving political stability in the Mediterranean basin by strengthening the ties of cooperation with Mediterranean North African nations, actively mediating in the Middle East peace process, and hosting the Conference on Security and Cooperation in the Mediterranean in Barcelona.

Since joining the EU in 1986, Spain has held the rotating presidency of the European Union on three separate occasions:

- First six months of 1989. At the Madrid Summit in June, the "Delors Report" was adopted, which would later lead to the Treaty on the European Union (the Maastricht Treaty) in 1992.

- Last six months of 1995. The European Council meeting in Madrid in December decided the name of Europe's future currency: the euro. The Euro-Mediterranean cooperation effort known as the Barcelona Process was also launched.

- During the first six months of 2010, Spain will occupy the presidency of the European Union for the fourth time. This time around, the Union will consist of 27 member-states, the largest space of integration in the world.

SPAIN AND INTERNATIONAL ORGANISATIONS

Spain is a member of all major international bodies and has permanent representatives before the United Nations and its specialised bodies, the Organisation for Security and Cooperation in Europe, the Organization of American States (OAS), and the Organisation for Economic Cooperation and Development (OECD), in addition to the European Union.

On 15 April 2004, the new Spanish president José Luis Rodríguez Zapatero took his oath of office before the Congress of Representatives. In his inaugural address, he indicated that the affirmation of the United Nations as an effective instrument for ensuring international peace and security would be one of the cornerstones of his administration's new foreign policy. The president emphasised certain essential elements of this policy such as absolute respect for international laws, the reform and reinforcement of instruments for international peace, and development assistance cooperation.

The United Nations Organisation

Spain firmly supports the United Nations as an effective guarantor of international peace and security, and collaboration with this organisation is one of the pillars of the present administration's foreign policy. Key elements of this policy include a scrupulous respect for international law and the purposes and principles outlined in the United Nations Charter.

The United Nations, as a fundamental axis of effective multilateralism, must be willing to efficiently address the needs and challenges that the international community faces, which can only be met with concerted efforts and solidarity. In light of this, Spain – as the eighth-largest contributor to the organisation's general budget – is a firm supporter of the reform process currently underway within the UN, based on the conviction that development, peace, security and human rights constitute the pillars of the United Nations system.

The United Nations deals with various issues which Spain considers to be of the utmost importance. The first of these is the fight against terrorism – a war that must always be waged within the limits of national and international legality and with the utmost respect for human rights and for the United Nations. This was clearly expressed on 18 April 2004, when the newly invested president of Spain, José Luis Rodríguez Zapatero, ordered the withdrawal of Spanish troops sent to fight in the illegal war in Iraq.

The second issue is the renewal of Spain's commitment to peace-keeping operations, a political commitment that has already been manifested by the deployment of military troops to Afghanistan, Kosovo and Lebanon in response to explicit mandates issued by the Security Council.

The third issue was addressed in a proposal made by the Spanish president before the General Assembly in September 2004, regarding the creation of an Alliance of Civilisations between the Western world and the Arab and



The President of Spain, José Luis Rodríguez Zapatero, during his intervention in the High Level Meeting at the United Nations headquarters on 26 September 2007.

Muslim world. The Secretary-General adopted this initiative and established a High Level Group to study it and present recommendations in September 2006.

A fourth priority is Spain's backing of the goals laid out in the Millennium Declaration of the year 2000 with regard to development, the eradication of poverty and environmental conservation. In addition to putting the principles of this declaration into practice, Spain also signed on as a member of the Alliance against Hunger, an initiative promoted by Brazil's President Lula that seeks innovative solutions for obtaining development funding. Moreover, the administration has also substantially increased the percentage of GDP set aside for Official Development Assistance funds to 0.5% in the last legislature and hopes to reach 0.7% by 2012. It has also made significantly larger voluntary contributions on Spain's behalf to the United Nations special-interest funds, programmes and agencies. In this context, in December 2006 the Spain-UNDP Fiduciary Fund was created with an endowment of 528 million euros to finance projects related to the Millennium Development Goals.

A fifth issue of great importance is the need to reinforce international instruments for promoting and protecting human rights. The president of Spain indicated that the primary objectives in this area are the ratification of the Optional Protocol to the Convention against Torture (which has already been carried out), the ratification of the Convention on the Rights of the Disabled, the universal abolition of the death penalty, doing away with discrimination against women and domestic violence, ending discrimination by reason of sexual orientation, protecting children and fighting to stop the abuse and exploitation to which they are subjected, and ensuring respect for human rights in the war on terrorism and crime. Spain also sustains that world peace and security can only be accomplished within the parameters of the law; for this reason, it supports the efforts of international courts of justice and promotes the universality and smooth operation of the International Criminal Court (to which Spain is the sixth-largest global contributor).

In this respect, within the framework of the reform of the United Nations system, Spain has actively supported the process of reviewing the system's coherency by contributing materially and financially to the pilot projects, in accordance with both the principle of greater efficiency and national principles, particularly with regard to gender, human rights and environmental issues.

Other United Nations organisations and programmes

Spain participates actively as a member-state of the international organisations within the United Nations system – the international financial institutions and the funds and programmes of the organisation – and is now one of the most important contributors to the same. The creation of a fund to promote the Millennium Development Goals, endowed with 528 million euros and administered by the United Nations Development Programme (UNDP), has made Spain an example to follow in the multilateral world.

Spain participates or has recently participated in the primary bodies of government of the United Nations Educational, Scientific and Cultural Organisation (UNESCO), the United Nations Industrial Development Organisation (UNIDO), the World Tourism Organisation (WTO), the International Telecommunication Union (ITU), the Universal Postal Union (UPU), the United Nations Environment Programme (UNEP), the UNDP, the United Nations Children's Fund (UNICEF), the International Fund for Agricultural Development (IFAD) and the United Nations Human Settlement Programme (UN-Habitat), among others.

Spain hosted the meeting of the UN Chief Executives Board in 2006, which Kofi Annan presided as Secretary-General. It is also home to the headquarters of various international organisations, most notably the WTO in Madrid, and Zaragoza has been chosen as the new location of the UN Office to support the International Decade for Action "Water for Life." Numerous international events and conferences have been held in our country in recent years.

Other organisations: the OSCE and the Council of Europe

The Organisation for Security and Cooperation in Europe (OSCE) is a pan-European security agency whose 56 participating states (the United States, Canada, every European nation and all the former Soviet republics) span the geographical area from Vancouver to Vladivostok. Recognised as a regional agency in accordance with Chapter 8 of the United Nations Charter, the OSCE is active in early warning, conflict prevention, crisis management and post-conflict rehabilitation in the region. Operating with the conviction that respect for plurality and human rights is the best way to preserve peace and stability, and based on a broad and cooperative approach to security, the OSCE and its institutions structure their activities around three focal points or dimensions: the politico-military dimension, the economic-environmental dimension and the human dimension.

As a result, the OSCE addresses a wide range of security-related issues, which include arms control, measures intended to build trust and security, human rights, minority rights, democratisation, policing strategies, combating terrorism and economic and environmental activities. Decisions are made by reaching a consensus among members that is politically but not legally binding.

As the seventh-largest contributor to this organisation's budget, Spain actively participates in all three dimensions of the OSCE. In recent years, Spain has played an increasingly prominent role in the central institutions and in field missions and operations (with personnel

deployed on missions to Croatia, Bosnia-Herzegovina, Kosovo, Serbia, the Former Yugoslav Republic of Macedonia and Georgia, and staff handling Mission Chief duties in Croatia and Azerbaijan). It also plays an important part in another significant area of activity – the observation of electoral processes, in which Spanish observers regularly participate.

In 2007, Spain chaired the OSCE and reinforced this organisation's facet as a forum for dialogue. At the Ministerial Council held in Madrid on 29 and 30 November, the Declaration on Environment and Security was adopted to further boost the organisation's work in this area, placing it at the vanguard of regional international organisations in terms of environmental security. They also adopted a decision on the countries that will chair the OSCE until 2011: Greece in 2009 (after Finland completes its chairmanship in 2008), Kazakhstan in 2010 and Lithuania in 2011. The Spanish chairmanship underscored the importance of the issue of tolerance. The celebration of the High Level Conference on Intolerance and Discrimination against Muslims (Cordoba, October 2007) was the first initiative related to discrimination against Muslims to be held in the framework of this organisation.

The primary goals of the Council of Europe (Europe's oldest political organisation, founded in 1949) are the defence of human rights, the promotion of parliamentary democracy and the pre-eminence of the rule of law. The Council of Europe, whose headquarters are located in Strasbourg, France, currently includes 47 European member-states, and observer status has been granted to five other nations: the Holy



The President of Spain inaugurated the Ministerial Meeting of the Organisation for Security and Cooperation in Europe (OSCE) held in Madrid on 29 and 30 November 2007.

See, the United States, Canada, Japan and Mexico. Spain is currently the sixth-largest contributor to the organisation and one of its most active members. The Council of Europe is the guardian of democratic security in Europe, a security based on respect for human rights, democracy and the rule of law. In January 2008, Lluís María de Puig was elected president of the Parliamentary Assembly of the Council of Europe. The first Commissioner for Human Rights of the Council of Europe was also a Spaniard, Álvaro Gil-Robles, who held this post from 1999 to 2006. In addition, Spain will chair the Council of Europe's Committee of Ministers from November 2008 to May 2009.

SPAIN AND THE DEFENCE OF HUMAN RIGHTS

The defence and promotion of human rights around the world is foremost among the inalienable objectives of Spain's foreign policy, because we are convinced that the only way to ensure world peace and security is by firmly reinforcing and empowering international laws and facilitating their enforcement.

Since the beginning of this legislature, the administration has taken several specific steps that underscore the vital importance of human rights in Spain's foreign policy. Such steps included the ratification of the Optional Protocol to the UN Convention against Torture and other Cruel,

Inhuman or Degrading Treatment or Punishment; the ratification of the Convention and Optional Protocol of the UN on the Rights of Persons with Disabilities and of Protocols 12 and 14 of the European Convention for the Protection of Human Rights; measures to combat discrimination against women and domestic violence; counter-terrorism efforts based on effective multilateralism and respect for human rights; participation in peace-keeping operations; an increase in funding for development aid; the reinforcement of the Office of the High Commissioner for Human Rights (Spain's contribution increased five-fold between 2004 and 2007); an increase in international electoral observation activities; the search for ways to channel the immigration phenomenon with the cooperation of the migrants' countries of origin while guaranteeing the utmost respect for basic rights; collaboration with the International Criminal Court; combating intolerance; and the creation of a National Action Plan for Human Rights in response to United Nations recommendations.

The consolidation of foreign policy with regard to the defence of human rights also coincided with a time of internal changes within the major international organisations. As part of the United Nations' reform process, a new Human Rights Council was created to replace the outdated model of the old Commission. Spain played an important role in the establishment of this new Council – it has already presented its candidacy for the 2008-2011 term – and it is hoped that this agency will turn over a new leaf in the human rights agenda of the United Nations as the defender one of three cornerstones of UN activity (the other two being peacekeeping and international security efforts and the promotion of development) described in Secretary-General Kofi Annan's report "In Larger Freedom." In the same vein, it is expected that the Plan of Action of the UN's High Commissioner for Human Rights will bring about important reforms in the so-called Treaty Bodies.

In the European region, the primary organisation responsible for protecting human rights is the Council of Europe, whose Court of Human Rights is also undergoing reforms necessi-

The Minister of Foreign Affairs and Cooperation, Miguel Ángel Moratinos, greets the acting president of Cuba, Raúl Castro, during his official visit to Havana.



tated by the overwhelming number of cases presented before it, which undermine its efficacy as an instrument of justice.

Taking action on the European and global stage is not sufficient for implementing an effective policy of promotion and defence of human rights; this action must also be complemented by specific measures in the bilateral arena. Human rights are an integral component of Spain's relations with every other nation and are expressed in a variety of ways, ranging from the use of general action frameworks (such as the Africa Plan) to general principles (the horizontal priority of the "defence of human rights" stipulated in the 2005-2008 Master Plan for Spanish Cooperation) or specific bilateral actions (dialogues, consultations, projects and seminars). In addition to the dialogue on human rights established with Cuba, which is already yielding results, bilateral mechanisms with Argentina and Mexico have been institutionalised, a model that will continue to be applied in the future.

With regard to foreign affairs, the goal of the National Action Plan for Human Rights is to synchronise actions in the different international arenas and follow through on the list of specific measures proposed – a list that remains open to changes and additions as new priorities come to the forefront. The plan is currently being reviewed with civil society organisations.

Finally, interaction with civil society and particularly with non-governmental organisations, which speak for the citizens who are committed to protecting human rights, is essen-

tial for the purpose of defining specific priorities and policies. The Ministry of Foreign Affairs and Cooperation maintains regular and frequent contact with NGOs and other civil society organisations to keep them informed of developments, but also to gauge their opinions so that they can become active participants in designing the various aspects of foreign policy that affect human rights.

SPAIN AND THE MEDITERRANEAN

The Mediterranean is a priority region for Spanish foreign policy. Spain plays a very active role in this area in promoting peace, stability and the socio-economic progress of Southern Mediterranean nations.

The main pillars upon which Spain's foreign policy in this region rests are the Euro-Mediterranean Barcelona Process, the Mediterranean Forum and the 5+5 Dialogue. The latter is an initiative aimed at reinforcing bilateral and multilateral cooperation among the nations of the Western Mediterranean region.

The Euro-Mediterranean Barcelona Process is a project shared by EU nations and the countries along the southern and eastern shores of the Mediterranean. It was created in 1995, at Spain's request, and it recently celebrated its tenth anniversary in November 2005 at the Euro-Mediterranean Summit held in Barcelona.

Being selected to host this first Euro-Mediterranean Summit during the British EU presi-

Euro-Mediterranean Summit held in Barcelona in November 2005.



dency constituted an important political success for Spain; up until then, a European summit had never been hosted by a nation other than the country holding the European Union presidency at the time. This summit served to gauge the state of the Euro-Mediterranean Association at a time when the region was going through a complicated period of political transition that differed greatly from the situation in 1995. The outcome of the summit was very positive and great progress was made toward attaining the objectives of the 1995 Barcelona Declaration, defining specific targets and new areas of action for coming years. A five-year working plan and a Code of Conduct on Countering Terrorism were approved. Of particular importance for Spain was the creation of a fourth chapter on cooperation in matters of immigration, social integration, justice and security.

The Western Mediterranean or the Maghreb

This region, of special interest to Spain, merits a special place in Spanish foreign policy due to its geographic proximity, historical ties and constant flow of human, economic and cultural exchanges with Spain. Our primary goal is to help ensure the stability and prosperity of this area, not only because of Spain's vested interest in the region, but also because we wish to express solidarity with the residents of neighbouring and friendly nations.

The European Union must also adopt this priority as one of its own. Although Spain's perception may be more immediate because of geographic proximity, the future of this region is of the utmost importance to all EU nations.

The Maghreb presents global challenges that require an equally global approach; economic inequalities and the huge income gap between the North and South Mediterranean, demographic and migratory pressure, organised crime, terrorism and the need for modernising reforms are just some of the most pressing issues.

The lack of regional coordination impedes the progress of Maghreb nations and takes a heavy economic, social and political toll. For this reason, Spain's foreign policy encourages

regional integration, specifically through the Arab Maghreb Union.

Spain's foreign policy in this region combines close bilateral relations with each country with the need to address these countries as a regional collective. Relations with Morocco, given the depth, breadth and variety of our exchanges and ties, are particularly important, although we also maintain excellent relations with the other nations of the region. Spain has signed treaties of friendship, good neighbourhood and cooperation with Morocco, Tunisia and Algeria as well as framework agreements on bilateral relations with Mauritania and Libya.

Spain hopes to act as a bridge between Europe and the Maghreb in the Mediterranean arena. This regional perspective is bilaterally and multilaterally supported by cooperation forums such as the 5+5 Dialogue of the Western Mediterranean, which combines the five members of the Arab Maghreb Union (Algeria, Libya, Morocco, Mauritania and Tunisia) with the five Southern Mediterranean nations of the western EU region (Spain, France, Italy, Malta and Portugal).

Morocco, Algeria and Tunisia have already defined the framework of their relations with the EU through their respective Association Agreements. With regard to Libya, Spain supports the development of stable relations with the EU through a future framework agreement that leaves open the possibility of Libya joining the Barcelona Process to consolidate its insertion in the Euro-Mediterranean setting. Mauritania has undergone a process of democratic transformation since the coup on 3 August 2005 and has joined the Barcelona Process with the backing of Spain.

The thorny issue of the Western Sahara is followed with great interest. Spain is actively committed to finding a fair and lasting solution that every party can agree upon, based on respect for international law, the principle of self-determination and the guidelines established by the UN. From its position as a member of the Group of Friends of Western Sahara on the Security Council, Spain has helped to draft Resolution 1754 of April 2007 which has opened a process of direct negotiations without precon-

ditions within the framework defined by UNSC resolutions for the purpose of reaching a politically just, lasting and mutually acceptable solution that respects the right to self-determination. Our humanitarian commitment to the Saharawi people is expressed in the assistance offered by the central, regional and local governments, NGOs and associations as well as shows of solidarity such as the practice of taking in Saharawi children over the summer in homes all across Spain.

The Eastern Mediterranean

2007 has been a momentous year for Spanish-Eastern Mediterranean relations. Spanish foreign policy with regard to the Israeli-Palestinian conflict is characterised by its support for the two parties' new commitment to engage in peace negotiations made at the Annapolis Conference, held in late November 2007. This commitment is based on the principles of the Madrid Peace Conference – specifically, the principle of “exchanging land for peace,” the Security Council's resolutions, the Arab Peace Initiative and the Road Map for Peace. The ultimate goal is to reach a fair and lasting solution between the concerned parties, based on the existence of two sovereign and viable states co-existing in peace within the accepted borders.

Spain believes that the Arab Peace Initiative is the cornerstone upon which a new political process between Israel and the Arab nations must be built. Said initiative offers Israel the prospect of regularising its relations with the Arab world in exchange for a withdrawal from

the occupied territories that would enable the creation of a viable Palestinian state.

Spain pledged 240 million dollars at the International Donors' Conference for the Palestinian State in Paris in December 2007, the first such conference to benefit the Palestinians to be held since 1996. Around 90 delegations of countries and institutions attended the event, and Spain was represented by Miguel Ángel Moratinos, the Minister of Foreign Affairs and Cooperation.

Spain highly values the constructive role played by Egypt and Jordan and maintains a mutually beneficial political dialogue and increasingly close ties of cooperation with both nations. Over the past ten years, Egypt has maintained a noteworthy and active policy and interest in the Mediterranean, as evidenced by its participation in the Mediterranean Forum and the Barcelona Process, as well as other forums for dialogue specific to this region. In addition, Egypt has become actively involved in the New Neighbourhood Policy of the European Union which reinforces the bilateral channel of the Barcelona Process in the area of Mediterranean Neighbourhood.

This cooperation and understanding with Egypt was expressed in the recent visit paid to this nation by the Their Majesties the King and Queen of Spain in February 2008, when the Treaty of Cooperation and Friendship between Spain and Egypt was signed, which opened up new channels of cooperation in areas such as the fight against terrorism and drug trafficking while expanding upon pre-existing agreements in the areas of economy, justice, education and culture.



Their Majesties the King and Queen of Spain on their recent trip to Egypt in February 2008, accompanied by Egyptian President Hosni Mubarak and his wife.

Building upon the effort made during the celebration of the 20th anniversary of Israeli-Spanish diplomatic relations in 2006, the Spanish government has continued to enhance and diversify its relations with Israel with a view to improving this nation's image and how Spaniards perceive it. This has been achieved through actions that have had enormous impact, such as the designation of 27 February as the Official Day of Remembrance of the Holocaust and Prevention of Crimes against Humanity and the creation of the Sephardim-Israel House in Madrid in February 2007. The primary goal of this institution is to study, disseminate and raise awareness of the values of Jewish culture in Spanish society.

Other gestures of rapprochement include official support for the concession of the 2007 Prince of Asturias Award for Concord to the Yad Vashem Holocaust Museum in Jerusalem in recognition of its dedicated efforts to help present and future generations overcome hate, racism and intolerance, and the visit to Spain paid by Israel's Deputy Prime Minister and Minister of Foreign Affairs, Tzipi Livni, in February 2007.

Spain is also keen to maintain cordial relations with Syria based on sincere dialogue and support for this country's pursuit of progress and internal reform. In this spirit, in February 2007 Spain welcomed Syria's Minis-

ter of Foreign Affairs, Walid Al-Moallem, who underscored the importance of the role currently played by Spain in this region, including Lebanon.

During the past year the political situation in Lebanon has deteriorated and, in these difficult times, Lebanese efforts to consolidate their independence and usher in a new era of institutional stability and economic prosperity deserve the support of the Spanish government. Spain, France and Italy have been closely coordinating their actions in search of a solution to the internal Lebanese conflict and have supported the Arab League's initiative to put an end to the country's constitutional crisis. At present, 1,078 Spanish soldiers and 12 civil guards participate in the UN peace mission in Lebanon (UNIFIL). Spain has also consistently decried all of the political assassinations that have plagued Lebanon's domestic political scene since 2004.

Economic relations between Spain and the Gulf Nations, which have become important economic hubs, continue to grow stronger in the political arena, with mutual visits and the signing of agreements, as well as in the economic arena, with important Spanish investments in the region, particularly in energy and infrastructures.

Our relations with Saudi Arabia were also reinforced in June of this year with the visit of King Abdullah bin Abdul Aziz. This occasion, his first official visit to Spain, had important economic ramifications, as did the trip paid by the King and Queen of Spain to Riyadh last year.

The relations and mutual understanding between Spain and the Arab nations have been further improved since the creation of the Arab House (Casa Árabe) and its International Institute of Arabic Studies and the Muslim World, inaugurated in 2007 as an initiative of the Ministry of Foreign Affairs and Cooperation and the Spanish Agency for International Development Cooperation, the Autonomous Regions of Madrid and Andalusia and the Municipal Governments of Madrid and Cordoba. It has two offices in Madrid and Cordoba, and since the inauguration – which was attended by numerous representatives of Arab nations – it has or-

The Spanish Minister of Foreign Affairs and Cooperation greets Prince Saud El Faisal of Saudi Arabia during the meeting between the EU and the Persian Gulf Cooperation Council (GCC).



ganised various platforms, debates and cultural activities (concerts, poetry recitations, etc.) that have involved many experts on Arab and Islamic studies and culture. Over the course of 2007, it has consolidated its status as a space of mutual understanding and shared reflection, a place of meeting.

With regard to Iraq, Spain fully shares the EU's commitment to continue working to forge solid European relations with this country that will contribute to its stabilisation and reconstruction. The Spanish government has fulfilled its commitment by paying out 100% of the promised donations, and it actively participates in European programmes to rebuild Iraqi capacities such as EUJUST LEX. During 2007, this programme has made it possible for a good number of police, penitentiary personnel and judges to complete their training.

SPAIN AND SUB-SAHARAN AFRICA

In the first years of the 21st century, we have witnessed the rise of a new African reality characterised by the progressive advance of peace, democracy and stability in many corners of the continent. This can be attributed to the African people's realization that they have the power to determine their own future, as well as to an economic growth that holds out the promise of further development throughout the continent.

However, these positive facts cannot disguise the overwhelming problems that Africa continues to face. Half of the African population survives on less than one dollar per day. At birth, the average life expectancy is 46 years, and pandemics such as AIDS, malaria and tuberculosis still plague the continent. Sub-Saharan Africa is currently the region with the longest road to travel towards meeting the Millennium Development Goals set by the United Nations for 2015.

In 2006, the Spanish government launched a series of initiatives for making Africa one of the top priorities in our foreign policy and actions.



Spanish Vice President María Teresa de la Vega is welcomed by Aichatou Mindaoudou, the Nigerian Minister of Foreign Affairs, upon disembarking from her plane in May 2008.

The 2005-2008 Master Plan for Spanish Cooperation calls for a substantial qualitative and quantitative increase in cooperation with Sub-Saharan nations. In 2007, Spain earmarked over 879 million euros in Official Development Assistance for this region, as compared to the ODA of 122 million euros in 2003, and this amount is expected to exceed 1,000 million euros in 2008.

As the result of a joint initiative of the Spanish and Mozambican governments, the First Meeting of Women of Spain and Africa: "For a Better World" was held in March 2006 in Maputo. The Maputo Declaration adopted at the end of the encounter includes a list of conclusions based on the fact that development in Africa must involve the incorporation of women into politics and the labour market, as well as equal economic and social rights for both genders. The commitments made in Maputo were evaluated at the second meeting which took place in Madrid in 2007. The third encounter, again on African soil, was held in March 2008 in Niger.

In order to come up with an urgent and holistic response to the humanitarian crisis generated by the waves of uncontrolled immigration from Sub-Saharan Africa, Spain, France and Morocco proposed a Euro-African Conference on Migration and Development, which was held in Rabat in July 2006. Countries from North, West and Central Africa as well as several EU



Intervention of the Minister of Foreign Affairs and Cooperation at the annual African Union (AU) Summit in Ethiopia, during an official tour of Africa on which he visited Mali, Guinea Bissau, the Democratic Republic of the Congo and Ethiopia in January 2008.

nations participated in the Rabat conference, and together they formulated an action plan with specific proposals for intervention based on the principles of co-responsibility and solidarity. At the third summit held in Lisbon in December 2007, President Rodríguez Zapatero opened up the debate on migration, mobility and employment, speaking on behalf of the European delegates.

In order to reinforce ties with Sub-Saharan Africa, we must first encourage a mutual understanding of our respective cultures – an understanding too often clouded by prejudice and overlapping territories. This is the underlying motivation for the creation of the Africa House (Casa Africa), a joint initiative of the Spanish government and local and regional authorities of the Canary Islands that opened in Las Palmas in 2006. The Africa House aims to be a groundbreaking centre for improving mutual understanding, appreciation, cooperation and harmony between African and European societies and peoples. The Spanish government approved its own national strategy, an Action Plan for Sub-Saharan Africa or the “2006-2008 Africa Plan,” an ambitious package of political, commercial, cultural and cooperative measures spanning a period of several years. This plan calls for a reconsideration and reinforcement of our diplomatic and consular presence on the African continent, as well as the opening

of new sector and liaison offices in order to achieve the necessary capacity of interlocution and maximise the scope of our actions on the continent. An important diplomatic deployment has been carried out with the opening of six new embassies (Sudan, Cape Verde, Mali, Niger, Guinea-Conakry and Guinea-Bissau) and two permanent posts in Gambia and Liberia/Sierra Leone.

The “Africa Plan,” which provisionally covers a period of three years but whose impact will extend far beyond that, constitutes a historic milestone. Never before has Spain adopted such a global, ambitious and, at the same time, realistic policy on Sub-Saharan Africa – a region whose destiny, as our neighbour to the south, is inextricably linked with our own.

SPAIN AND ASIA

Asia and the Pacific are becoming one of the top priorities of our foreign policy. Based on the premise that our presence in Asia and the Pacific must become one of the assets with the greatest future potential in the scope of our foreign policy, the Spanish government has worked over the past several years to translate this idea into concrete actions.

The importance that Asia and the Pacific are rapidly acquiring in the international arena is undeniable and an accurate reflection of its spectacular rates of economic growth and its increasing closeness to the Western world, as it now faces new challenges shared by the international community. This situation hints at a new window of multiple opportunities that we cannot afford to ignore.

To face the challenges posed by this new situation, the Ministry of Foreign Affairs reinstated the Directorate-General of Asia and the Pacific at the beginning of the present legislature, and also decided to launch a new strategy for the next four years: an Action Plan for Asia and the Pacific presented by the Spanish president on 22 December 2005, the end results of which were made public on 14 February 2008.

The efforts made over the past four years have been intense and the goals ambitious.

On the bilateral stage, the King and Queen of Spain have made official visits to Vietnam, Thailand and China. The president has visited Afghanistan, China and India. Most of these visits included delegations comprising a broad spectrum of representatives from the business world, culture and education, members of parliament and the media. Existing missions in Asia are being reinforced, and new ones are being created (Kabul, Wellington and Dacca).

The Action Plan also aimed to address the new challenges now facing our foreign security. In this respect, the government and the Ministry of Foreign Affairs are placing particular emphasis on the fight against terrorism, organised crime and illegal immigration. Our intervention in Afghanistan deserves special mention in this category, because it represents an unprecedented effort in diplomacy and development aid to carry out an operation (coordinated and supported by our Armed Forces) of assistance in the reconstruction, establishment of security and political transition of this country. These efforts are channelled through a Provincial Reconstruction Team based in the town of Qal'eh-ye Now and a Forward Support Base in Herat.

Spain will continue to play a part in the new political era dawning in Afghanistan, as evidenced by our active participation in the London Conference last January. The Minister of Foreign Affairs and Cooperation pledged 150 million euros over the next five years for reconstruction, health care, gender, governance and drug traffic elimination projects.

In this new legislature, the government has focused cooperation efforts on new countries such as Cambodia, Timor and Bangladesh. The current levels of financial aid being provided to priority beneficiaries such as Vietnam and the Philippines will be maintained. Additional efforts include operations for aiding victims of natural disasters such as the tsunami, the flooding in Bangladesh and the earthquake in Pakistan, where Spain deployed the largest NATO contingent. The Ministry launched an Action Plan for the tsunami relief efforts that is still being carried out at present.



The President of China, Hu Jintao, the Spanish Vice President María Teresa de la Vega and the Minister of Foreign Affairs and Cooperation, Miguel Ángel Moratinos, during the inaugural ceremonies of the Year of Spain in China at the Palacio de Santa Cruz.

With regard to promoting and supporting our exports and foreign investment, two of the world's largest economies and over two-thirds of all global currency reserves can be found in Asia. However, only 6% of our exports and 0.5% of our investments reach the Asian-Pacific region. Our objective is two-fold: to reinforce the existing structure in priority nations and to promote diversification. The ICEX (Spanish Institute for Foreign Trade) needs to become involved and expand the initiatives that are currently limited almost exclusively to China, India and Japan out into other countries of Southeast Asia. The Secretary of State for Commerce has already launched three Integral Market Development Plans for the aforementioned priority nations – China, India, Japan and Korea.

The Action Plan also contemplates greater efforts to protect human rights by promoting initiatives against the death penalty; as a case in point, our work in the Philippines recently led to a victory when its National Assembly voted to abolish the death penalty. Special emphasis is also being placed on promoting policies that will help to remedy the precarious situation of women around the world; some examples are the policies currently being enacted in Cambodia and Afghanistan through the courageous and daring work of women like Somali Mam and Mukhtar Mai, which our Cooperation Agency strongly supports.

In the sphere of cultural promotion, our trump card is undoubtedly the Spanish lan-

guage and the high demand for this tongue throughout the world, especially in Asia. For this reason, the Cervantes Institute opened a branch in Beijing in July 2006 and another was inaugurated in Tokyo in September 2007. The next two centres scheduled to open will be located in New Delhi and Sydney. On another level, 2007 was designated the Year of Spain in China as per the agreement reached with President Hu Jintao on his official visit to Spain. This event was presented in Madrid and Beijing by the Spanish First Vice President, and at the year's end it was determined to have yielded excellent results in the political, cultural, economic and educational fields, and a particularly positive outcome for sports. Nor can we fail to mention the commemorations of the 4th Centennial of Don Quixote (when His Majesty the King of Spain took the opportunity of presenting the first Thai translation of *Don Quixote*), St. Francis Xavier or Vázquez de Torres and Bernardo de Quirós.

Another objective of the Action Plan is to encourage citizens to participate in foreign policy, primarily through the use of forums and platforms that bring members of our civil society together. An important aspect of this facet of the plan is the Asia House (Casa Asia), which has quickly become a particularly valuable tool used by the Ministry of Foreign Affairs to put our foreign affairs initiatives into practice. The Asia House has more than proved its worth, exhibiting a dynamism, visibility and close ties to the population that have not gone unnoticed, particularly in the cultural and academic arenas. The new office scheduled to open in Madrid will undoubtedly double its effectiveness and the repercussions of the actions it undertakes.

SPAIN AND ITS BILATERAL RELATIONS

France

Spain and France maintain excellent political relations due to their geographic proximity and their common membership in numerous international organisations, most notably the EU.

Contact between the two governments is both frequent and at several levels. Political relations are institutionalised via the annual bilateral summits between the President of the French Republic and the President of Spain, accompanied by a large group of ministers, which the two nations host alternately.

The 20th Summit, which took place in Paris on 10 January 2008, focused on the fight against terrorism (by creating a permanent joint investigation team), energy and railway interconnections and bilateral cooperation on immigration issues. On occasion, these summits are preceded by preparatory ministerial seminars and high-level meetings on trans-border cooperation.

The two countries have created a Franco-Spanish Defence and Security Council, chaired by the two presidents, in which the ministers of foreign affairs and defence participate. The council has five specific work groups. In addition, the Franco-Spanish Forum brings together important figures in the civil societies of both countries and usually meets at the same time as the summits are held.

Since Spain became a member of the European Community, economic exchanges have grown at a faster pace than their respective exchanges with the rest of the world. As a result, the two economies are increasingly more imbricated and it is estimated that 200 million euros flow between France and Spain each day. In 2007, France remained our number-one client and our second largest supplier after Germany, which managed to unseat France from its former first-place position in 2003. In turn, Spain is France's second largest client and 10% of French exports are consumed by our country. 8% of French imports come from Spain, which ranks behind Germany, Italy and Benelux (Belgium, the Netherlands and Luxembourg).

Portugal

Spanish-Portuguese relations are currently going through a very positive phase. Portugal is a strategic ally of Spain in a wide range of areas. The Evora (2005) and Braga (2008) Summits represented a qualitative leap forward in our

relations given that technological and scientific cooperation was added to the already extensive bilateral agenda. The creation of the Spanish-Portuguese Institute for Research and Development of New Technologies and the signature of the Agreement on the Headquarters of the International Iberian Nanotechnology Laboratory, located in Braga and managed by both countries, shows a renewed political determination to move forward together and make the most of existing synergies to develop new areas of bilateral cooperation.

Parallel to the 2008 Braga Summit, the first meeting of the Spanish-Portuguese Security and Defence Council was held. This council is chaired by the heads of government and the nations' respective ministers of foreign affairs and defence participate in it. A decision was also reached to re-launch the Spanish-Portuguese Forum of Dialogue.

The importance of trans-border cooperation as an opportunity for economic and social development and the incorporation of the regions adjacent to the extensive border shared by the two nations is reflected in the presence of the presidents of the bordering Autonomous Regions and the presidents of the Regional Coordination and Development Commissions.

In addition to the summits system, there is a close and constant communication between the two governments at every level, with frequent contacts and visits. On matters related to European construction or the international agenda, they coordinate positions and initiatives, given the numerous interests and affinities (geographic, cultural, historical, economic and political) that our two nations share.

Given the importance of our economic ties, these play a central role in bilateral relations. Spain is Portugal's most important client and its primary supplier; in 2007, our exports to Portugal were valued at 14,379 million euros, and imports amounted to 8,283 million euros. This yields a positive trade balance for Spain with a surplus of 6,000 million euros. In addition, the two nations have launched far-reaching bilateral projects such as the Iberian Electricity Market (MIBRL), the construction of energy interconnection infrastructures and high-speed train connections.

Cultural and educational relations are also at a positive juncture, due to a shared interest in further collaboration. The Cervantes Institute has a centre in Lisbon, which has recently been joined by the House of Iberian Languages that focuses on teaching, researching and promoting the languages of the Iberian Peninsula. We also maintain a significant level of regional cooperation thanks to the Trans-border Cooperation Agreement signed at the 2002 Valencia Summit and fleshed out during subsequent meetings in Zamora and Badajoz.

The Portuguese President Cavaco Silva chose Spain as the destination of his first official state visit to a foreign country in October 2006.

Germany

Spain and Germany have shared the same basic policies for over thirty years, independently of the political views of their administrations, due to their mutual perception as reliable allies and a solidarity stemming from multiple motivations that blossomed after the fall of the Berlin Wall. This solidarity has enabled the two countries to organise joint initiatives on a wide variety of issues: firm support of the shared European project, protecting the environment against climate change by promoting renewable energies, the fight against terrorism, the European security and defence policy, the management of migratory flows or the strengthening of R&D&I (research, development and innovation) policies, to name a few.

German-Spanish relations are currently at a culminating moment thanks to the fluid and constant communications to agree upon positions in different forums and to develop common projects. During the 21st Bilateral Summit, held in Palma, Majorca, on 31 January 2008, they decided to take joint action on key matters such as climate change, energy and technological innovation, immigration and integration, as well as common approaches to European, international and defence issues.

Germany is the largest supplier of Spanish imports, which exceeded 34,000 million euros in 2007, and Spanish exports to Germany were val-

ued at 16,217 million euros. The trade balance reflects a surplus for Germany and is currently Spain's largest bilateral deficit (even larger than the deficit that exists with the United States).

The gross investment flow from Germany to Spain was over 530 million euros between January and September 2007, excluding investments in securities holding companies, while Spain's investment in Germany for the same period amounted to 2,395 million euros, tripling the 709 million invested in 2006. Thus, the value of Spanish investments accumulated in Germany is practically equal to that of German investments in Spain. It is estimated that Spanish investments maintain nearly 60,000 jobs in the Rhine River country. Over 10 million German tourists enter Spain each year, there are 160,000 permanent residents of German nationality in our country (60,000 in the Balearic Islands alone) and there are 30 daily flights connecting the two nations.

Italy

Italy is an ally of Spain for historical, cultural and commercial reasons. The fact that they are both *Southern states* allows them to work together to further their interests in the European Union and NATO. The existence of annual bilateral summits and a forum of dialogue denote the importance that Spain gives to its relations with Italy. In Europe, the only other countries with which Spain enjoys a similar level of institutional dialogue are France, Portugal and Germany.

Spain and Italy face a series of common challenges: controlling illegal immigration, improving competitiveness and productivity, developing relations with our Mediterranean neighbours and fighting the threat of terrorism, among others. This requires the two countries to use their combined influence in the heart of the European Union to promote and defend their shared interests.

The second-to-last Spanish-Italian Summit held in Ibiza marked a turning point in their relations, reactivating the so-called Madrid-Rome axis and widening the spectrum of fields of cooperation. At the last meeting, the 15th

Summit, held in Naples in December 2007, discussions continued along these same lines. Some of the central themes addressed at this summit included a review of the three places in which the two countries maintain troops deployed under UN command (in Lebanon, the Balkans/ Kosovo and Afghanistan), issues related to industry and trade, and the development of maritime infrastructures or "sea highways."

Another fundamental instrument of bilateral relations is the Spanish-Italian Forum, a space of convergence for civil societies at the highest level. Of a markedly academic nature based on an analysis of the future of certain European policies, this forum has become a platform of increasing relevance in which political and economic questions essential to bilateral relations are debated. The 9th edition of the forum was held on 19 and 20 October 2007 in Toledo.

Another area in which this strategic closeness is reflected is the Alliance of Civilisations, given that Italy is one of the countries enlisted in the Group of Friends of the Spanish-Turkish initiative.

The volume of economic exchange is commensurate with the importance of political dialogue. Spain is Italy's third-largest supplier with exports valued at 14,292 million euros in 2007 (12% more than during the same period in the previous year) and its third most important client, making purchases valued at 22,232 million euros (9% more than a year ago). Spain was visited by 3.7 million Italians, making Italy our fourth-largest outbound market. In addition, Spanish investments in Italy have been more buoyant over the last several years. This interest has materialised primarily in the sectors of energy and gas, construction, urban services, hotel management and financial management.

United Kingdom

The growing bilateral interaction between the United Kingdom and Spain involves governments, institutions and civil society. With regard to relations between governments, the visit of Prime Minister Gordon Brown to Madrid in October 2007 served to reinforce bilateral relations.

In economic terms, Spain and the UK are two of the most open and dynamic economies in Europe. The United Kingdom is Spain's fourth largest client and supplier. Spain, in turn, is the UK's seventh largest client and ninth largest supplier, with a positive trade balance of 500 million euros in 2007.

The United Kingdom is one of the top three destinations of Spanish investments with a considerable flow of over 50,000 million euros invested between 2006 and 2007 and important transactions in strategic sectors such as transport and telecommunications. During the same period, British companies invested nearly 2,000 million euros in Spain; this means that, for every euro invested by British companies in Spain, Spanish companies invested 25 in the United Kingdom.

Both countries have large companies established in each others' territories that help to improve mutual perception and ties between their societies. Nearly 400 Spanish companies operate in the United Kingdom and around 700 British companies operate in Spain.

Hundreds of thousands of British citizens live seasonally or permanently in Spain. The United Kingdom has thirteen general consulates open in major Spanish cities. Spain receives 17 million British tourists per year – a figure equal to the total number of British tourists who travel to France, Germany and Italy combined.

Spanish culture has a long and well-established presence in the UK. The Association of Hispanists of Great Britain and Ireland with nearly one hundred departments of Hispanic studies at different British universities is good proof of this. The primary centre of Spanish cultural studies is located at Oxford University's Exeter College, home of the King Alfonso XIII Chair of Spanish.

The British authorities have been advised that Spain wishes to resume talks regarding Gibraltar's sovereignty. In a separate yet parallel process, since 2004 the Forum of Dialogue has been active in resolving matters of local cooperation with a view to improving the living conditions of the population in Gibraltar and the adjacent Spanish territory.

Andorra

Relations with Andorra are influenced by our proximity, the presence of around 28,000 Spaniards residing in the Principality (approximately the same number as native Andorrans), the large number of Andorrans of Spanish descent (although prohibited by the Andorran Constitution, dual citizenship is very common) and the massive influx of Spanish tourists. As a consequence of these factors, everything related to, affecting or originating in Spain has an enormous impact on Andorran society. Moreover, the official language of Andorra is Catalan and both its culture and national identity have a great deal in common with the region of Catalonia. One of the Principality's two co-princes is the Bishop of Seo de Urgel, and the other is the president of the French Republic.

These two countries have an excellent level of cooperation. In the political arena, there is a solid bilateral interlocution that has been reinforced in recent years. The heads of government met on two occasions in 2004 and 2005. There are also fluid relations between the ministers of foreign affairs. On 15 February 2007, the Spanish Minister of Foreign Affairs and Cooperation paid an official visit to Andorra, which enabled him to make progress on the resolution of a series of disputes that were placing an unnecessary strain on our otherwise excellent bilateral relations.

Spain has traditionally supported Andorra in its relations with the European Union, which have taken a significant step forward with the signing of the Andorra-EU Cooperation Agreement. Spain has also supported Andorra's entry in the Ibero-American Community of Nations.

Spain has consolidated its status as Andorra's primary trade partner in terms of both exports and imports, replacing the country that formerly held this distinction – France. Spain has been supporting Andorran economic reforms with the goal of defining a fiscal framework that will lead to its removal from the list of tax havens maintained by the OECD (Organisation for Economic Cooperation and Development).

Finally, Spain is very interested in cooperating with Andorra on matters related to infra-

structures that will permit the improvement of accesses to the Principality, as revealed in the decision made at the last Council of Ministers in January 2008 which agreed to allocate 30 million euros to this project.

Turkey

Relations between Spain and Turkey – 2008 marked the 225th anniversary of diplomatic relations between the two nations – can also be described as excellent and free of any conflicts or disputes that could hinder their progress. Political relations were basically defined in the Joint Action Plan for the Development of Relations between Spain and Turkey, signed on 22 July 1998. On the Spanish president's visit to Turkey in November 2006, the Action Plan was reinforced with the signing of a "*Strategy for Reinforcing Bilateral Relations between Spain and Turkey,*" which sets out new lines of cooperation.

Spain and Turkey joined forces to sponsor the "Alliance of Civilisations" initiative that the Secretariat-General of the United Nations has adopted as its own. To put the initiative into practice, in September 2005 the Secretary-General created a High Level Group (HLG) made up of 20 high-profile individuals and co-chaired by the Spaniard Federico Mayor Zaragoza and the Turkish Minister of State Mehmet Aydin. The former president of Portugal, Jorge Sampaio, is the Secretary-General's High Representative for the Alliance. The forum of the Alliance of Civilisations met for the first time in Madrid in mid-January 2008, where the Action Plan was approved with the participation of prominent figures in representation of Turkey, such as the mayor of Istanbul, directors of important business groups and Prime Minister Erdogan, who took the opportunity to make a four-day tour of Spain with an intense focus on economic matters.

Spain firmly supports Turkey's candidacy to join the European Union, although our two primary political parties have yet to reach an agreement on this issue.

Turkey is Spain's third largest trade partner outside the EU after the United States and Mex-

ico. Bilateral trade is growing, fuelled by Turkey's economic recovery and increasing Spanish investments. In 2007, Spanish exports to Turkey amounted to 2,661 million euros, while imports were valued at over 3,908 million euros. Spain occupies an important position as an investor in Turkey, ranking seventh among EU nations and eleventh among all nations worldwide. Spanish investments have tripled in under one year, jumping from 11 million euros in 2004 to over 700 million in 2007. At present, there are 74 Spanish companies established in Turkey and participating in various emblematic projects, such as the high-speed Ankara-Istanbul railway line.

The United States

The relations between Spain and the US are rooted in historical ties that go back to the American War of Independence, when Spain provided military and financial assistance to the fledgling nation in 1778. The most recent expression of our bilateral relations was the Joint Declaration signed by the Spanish Minister of Foreign Affairs and the US Secretary of State in January 2001.

The governments of both nations have made great efforts to promote bilateral relations; these efforts have taken the shape of a long string of high-level contacts and visits, as well as Spain's acceptance of specific military commitments (often in locations that are both geographically and strategically removed from Spain such as Afghanistan, Bosnia-Herzegovina or Kosovo).

Numerous Spanish ministers have travelled to the US between 2004 and early 2008, in representation of the ministries of: Foreign Affairs and Cooperation; the Interior; Justice; Defence; Education; Industry, Tourism and Trade; and Public Works. In the same period, the following American dignitaries have visited Madrid: the Secretary of State, Attorney Generals Ashcroft and Gonzales and the Secretary of Transportation.

There has also been a significant amount of reciprocal visits between members of the US Congress and the Spanish Parliament; there is a



The Spanish President welcoming the United States Secretary of State on 1 June 2007.

Friends of Spain Group in the US Congress and a parliamentary US Friendship Group in the Spanish House of Representatives.

US-Spanish relations on the bilateral level and within the NATO framework are particularly important in the area of defence. On the bilateral level, our relations are governed by the 1988 Agreement on Defence Cooperation, which was revised by the 2002 Protocol of Amendment. These agreements grant the US armed forces the right to use certain “support installations” at two Spanish military bases (Rota and Morón) and grant them authorisation to use Spanish territory, territorial waters and airspace. The Spanish military facilities are of immense strategic value given their characteristics and their proximity to the Mediterranean, the Middle East, North Africa and Western Africa.

Spain and the US are the two Western nations that have suffered the most brutal terrorist attacks to date, which is why we share a special awareness of this problem with the US and we actively cooperate in such matters on both the bilateral and the multilateral level.

Our economic relations are characterised by the sharp increase of Spanish investments in the United States; in 2004, 2% of Spanish foreign investments were made in the US, but in 2007 they represented over 10%. This same

year Spain was the fourth-largest foreign investor in the US, behind Canada, the UK and the Netherlands, with a very relevant presence in strategic sectors such as finance, infrastructures and alternative energy sources. Historically, the United States has been one of Spain’s most important foreign investors, although the volume of its investment has decreased since 2004. There has also been notable growth in the bilateral trade balance, particularly of Spanish exports to the US, which allowed us to reduce our deficit in 2006; nevertheless, the trade balance still presents a deficit for Spain.

In the United States, there is enormous interest in Spanish language and culture: 60% of American university students who study a foreign language choose Spanish. The government actively promotes the dissemination of Spanish language and culture in the US through an extensive visiting professors programme, under which approximately 1,200 Spanish academics teach a variety of subjects at high schools across America. This goal is also pursued by the three Cervantes Institutes established on US soil. A new cultural centre has been created in Washington (“Casa España” or “Spain House”) and another is planned for San Juan in Puerto Rico, in addition to the one already existing in Miami.

Spain has an extraordinary opportunity to increase its presence in the United States on the economic, cultural and political stages by developing relations with American Hispanic communities. These communities, which represent more than 42 million people, already constitute the largest minority group in the US and are proving to be tremendously dynamic.

Russia and the nations of the CIS

Russia is a priority on Spain’s foreign political agenda as a strategic partner of the EU. Its geopolitical power, its influence on the peace and stability of Europe and its vast energy resources make Russia well-deserving of this priority status. Spain is a staunch advocate of reinforcing EU-Russian relations, as evidenced by the Spanish president’s participation in the quadripar-

tite meeting held in Paris in March 2005, together with Presidents Putin and Chirac and Chancellor Schroeder. In this sense, the negotiation and implementation of the four EU-Russia Common Spaces of Cooperation (economy, domestic and foreign security, and culture) constituted another important milestone on the road to closer political relations.

On the bilateral level, President Putin's official visit in February 2006 presented an important opportunity to dynamise cooperation in every area, including counter-terrorism measures. In September 2007, President Zapatero met with President Putin in Sochi, where they created the Bilateral Forum of Civil Societies. Russia is one of our leading oil suppliers and Spain welcomes 500,000 Russian tourists each year.

Spain has kept a close eye on democratic progress in the Ukraine since the 2004 presidential elections and the "orange revolution." It has also monitored its efforts to strengthen ties with the EU, motivated by the Ukraine's growing awareness of the importance of Western nations and institutions in the wake of the revolution. The consolidation of these trends and the importance of oil pipelines that pass through Ukrainian territory to supply Europe are additional incentives to reinforce bilateral relations with this country. Relations between the two countries have been reinforced and Spain has decided to open a new General Consulate in Kiev. Central Asia also constitutes an area of increasing geostrategical importance. Kazakhstan is of particular interest to Spain because of the important role it plays in maintaining the region's political stability and the vast energy resources it is just beginning to tap. Recently, bilateral political exchanges have been emphasised and possibilities of economic cooperation have been reinforced. Spain is confident that Kazakhstan will be able to take over the chairmanship of the OSCE in 2010.

Spain has established closer ties with the Republics of the Caucasus and Moldova during its chairmanship of the OSCE in 2008, considering the possibility of increasing its diplomatic presence in the near future by opening permanent embassies in these countries. The volatile

nature of latent conflicts in the territories of Abkhazia, South Ossetia, Nagorno-Karabakh and Transnistria, the location of these countries in a region of hydrocarbon production and transit and the increasing level of cooperation with the EU are part of the European Neighbourhood Policy are the catalysts of our relations with these nations.

Morocco

Current bilateral relations began in 1956 following Morocco's declaration of independence as a result of an agreement signed with Spain. Since then, the two nations have enjoyed a very close relationship despite the tensions resulting from the decolonisation of the Western Sahara (in 1975) and, to a lesser degree, the dispute over the islet of Perejil (2002) in the Strait of Gibraltar.

Diplomatic contacts, bilateral trade and cultural relations are increasingly intense. In Morocco there are six Cervantes Institute centres (the largest number concentrated in a single country) and Moroccans constitute the largest immigrant community in Spain (over six hundred thousand citizens). The first foreign visit made by José Luis Rodríguez Zapatero as president of Spain was to Morocco, as it was in the case of his predecessor, José María Aznar. The royal families of both nations are also very close.

During Felipe González's administration, the Treaty of Friendship, Good Neighbourhood and Cooperation was signed with Morocco in July 1991, and two years later the 1st High Level Meeting (HLM) with this nation was held in Madrid. Since then, eight similar summits have been held (the last in March 2007) and agreements have proliferated. Today, Rabat and Madrid work in close collaboration in two fields of particular interest (among others): the fight against terrorism and the development of a single unified immigration policy for countries of origin, transit and destination, which encompasses efforts to stop illegal immigration as well as issues such as channels of legal immigration, immigrant integration and aspects of migration and devel-

opment. It is also important to note the steady increase in trade exchanges, Spanish investments and the number of Spanish tourists visiting Morocco as further indicators of our broad, varied and deep-rooted relations. In recent years, our relations with Morocco have become an “example” to follow, as pointed out by the Minister of Foreign Affairs Miguel Ángel Moratinos.

The Balkans

Spain’s presence in the Balkans in recent decades has been rather insignificant. Although cordial and uneventful, our relations with the former Yugoslav Republic lacked real substance. The Balkan crisis forced our diplomats and armed forces to become immediately and directly involved within the context of international efforts to contain hostilities. Spain still has 333 soldiers and 30 civil guards deployed in Bosnia-Herzegovina and 658 in Kosovo, in addition to troops serving with the UNMIK and on the European Union monitoring mission in Serbia.

Spain has established diplomatic relations with Montenegro, whose recent secession from the former state of Serbia-Montenegro (decided in a referendum held in accordance with the provisions of their constitution) has once again altered the geopolitical map of the Balkans.

This past 17 February, the Kosovo Assembly approved a resolution that unilaterally proclaimed this region’s independence. Spain has not recognised Kosovo as a nation because it considers this unilateral declaration a violation of international law.

SPANISH COOPERATION: A NEW POLICY FOR DEVELOPMENT AND THE ERADICATION OF POVERTY

International development cooperation is an essential part of the government’s foreign action, within the framework of international consensus and respect for Spain’s commitments

to international organisations, as the Ministry’s new name (Ministry of Foreign Affairs and Cooperation) accurately reflects.

The Spanish Ministry of Foreign Affairs and Cooperation has entrusted the Office of the Secretary of State of International Cooperation (SECI) with directing, drafting, monitoring and evaluating its international development cooperation policy. The specific body within this office that handles these responsibilities is the Directorate-General of Development Policy Planning and Evaluation. In addition to this internal structure, there are many other actors on the Spanish stage of cooperation – autonomous regions, local administrations, solidarity funds, development NGOs, universities, labour unions and businessmen – that play strategic roles in ensuring both the quantity and quality of cooperation efforts in our country. Without their work, we would not be able to achieve the goals we have set.

The Spanish Agency for International Development Cooperation (AECID) – an independent body operating under the umbrella of the SECI and the Ministry of Foreign Affairs and Cooperation – is responsible for implementing and managing development cooperation projects and programmes. These tasks may be carried out directly, with its own resources, or indirectly, through collaboration with other national and international entities and non-governmental organisations. The agency is also charged with coordinating Food and Emergency Aid.

To fulfil these duties, the AECID relies upon an extensive external network comprising 39 Technical Cooperation Offices, 17 Cultural Centres and 3 Training Centres located in those countries where the agency carries out its most important cooperation projects.

Aside from these important resources, Spanish cooperation depends upon another fundamental ingredient: human resources. In May 2006, the Council of Ministers approved the Development Workers’ Statute, thus repaying the debt of gratitude we owe to those who daily carry out these projects and are ultimately responsible for ensuring that Spanish cooperation efforts meet their established goals.

years to increase its aid funds and draw closer to the 0.7% target set by the United Nations.

Three geographic categories have been established according to aid efficacy criteria: *Priority Nations*, which usually receive around 70% of Spanish bilateral ODA; *Special Focus Nations*, which include countries whose special circumstances due to political, economic or social reasons increase the vulnerability of the most disadvantaged sectors of their population; and *Preferential Nations*, countries that are not dependent upon foreign aid but present population sectors living in sub-par economic and social development conditions.

Africa

The current 2005-2008 Master Plan states that Spain will give priority to helping less economically and socially developed countries (LEDC), many of which are located in Sub-Saharan Africa. This region will therefore play an important role in the activities of Spanish cooperation efforts over these four years. The guidelines of the Master Plan aim to synchronise Spanish development assistance with the Millennium Development Goals. The new and intense focus on Africa implies an unprecedented increase in resources and the political, diplomatic and cultural presence of Spain in these countries, rooted in a deep-seated sense of solidarity and justice.

Latin America

The Latin American region remains a top priority for Spanish cooperation. Development assistance is adapted to meet the specific needs of this region, where most countries have an average income level. Latin America is facing significant development challenges and has large pockets of extremely impoverished and socially marginalised inhabitants, largely due to the enormous inequalities that exist. Development aid from Spain aims to improve performance capacities, with a clear focus on human development and progress. The three main areas of action are social cohesion, democratic governance and economic progress, together with the horizontal priorities of gender equality,

environmental sustainability and support for the indigenous population. 40% of Spanish bilateral ODA will be allocated to this region.

Areas of Activity of Spanish Cooperation Efforts

The Fight Against Poverty

The Millennium Declaration stipulates that the eradication of poverty is a goal of the international development policy.

Safeguarding Human Rights

The Master Plan and the importance of a holistic approach to development have dual implications for efforts to preserve and safeguard human rights. On one hand, they make human beings the primary agents, actors and beneficiaries of development policy. On the other hand, the Plan refers to the democratic system as an indispensable condition for the development of a country, and works on the basis of this premise to promote the reinforcement of democratic institutions and their smooth operation according to the principles of freedom, equality, justice and political pluralism.

The Fight Against Hunger, Education, Health Care and Vulnerability

Meeting basic social needs is a priority for Spanish development assistance, which usually allocates 20% of its ODA to the various aspects of social needs. One such aspect is the fight against hunger. Improving the ability of people to produce and provide food for themselves is one of our primary goals.

In the same way, education is not just a universal right; it is a fundamental tool for eradicating poverty and particularly for achieving gender equality. In fact, the education sector has become the focus of special attention in the process of debt restructuring for development. In two years, the Spanish government has signed bilateral agreements with Latin American countries valued at 291 million euros (250 million dollars).

Health care is another basic right of human beings and an essential tool for ensuring quality of life. In 2007, the Spanish government committed to donate 700 million dollars to the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria between 2007 and 2010. In this respect, we must also mention the work that is being done by the Vita Programme for Health Cooperation in Africa and the AECID's financial support of the Health Programme in Latin America, which is promoted by the Pan-American Health Organisation (PHO) of the WHO.

Promotion of the Economic, Business and Production Sectors

Current efforts focus on reinforcing the socio-economic situation of production sectors – agriculture, forest development and research, industry, arts and crafts, cultural production, tourism, fishing, etc. – helping small and medium businesses, providing infrastructures, helping countries to access world markets and promoting fair trade cooperatives. The Microcredits Fund (FCM) managed by the AECID promotes the existence of a regulated and supervised financial system with the ability, in terms of long-term sustainability and profitability, to offer integral financial services for small business owners.

Towards a Sustainable Environmental Policy

Spanish cooperation efforts focus on establishing patterns of sustainable development and preserving the productive capacity of natural ecosystems for future generations. These actions are accompanied by policies that mitigate damages to the environment and improve the management and sustainable use of ecosystems. Active programmes in this area include the Nauta cooperation programmes for the sustainable development of the fishing industry in Africa; Azahar, a cooperation programme for sustainable development, protection of the environment and conservation of natural resources in the Mediterranean; and Araucaria XXI, the renewed cooperation programme for preserving natural resources and

ensuring sustainable development in Latin America.

Culture: an Instrument of Development

For the first time ever, Spanish development efforts have incorporated the recognition of cultural diversity, which is essential for encouraging respect for cultural rights and ensuring that all peoples and groups (including unique ethnic or cultural sub-groups) are able to exercise their right to freely express their ideas and traditions, use their native tongues, practice their own religions, carry out artistic activities and participate in social, political and economic life on an equal level with others. The primary objective of the new Spanish Strategy of Cooperation with Indigenous Peoples is to contribute to the recognition and effective exercise of indigenous peoples' right to determine their own processes of social, economic, political and cultural development. Within the framework of the Culture and Development Strategy, the ACERCA Programme has been launched, which focuses on equipping human resources for development in the cultural sector that will promote quality, modern training initiatives, promoting the use of information and communication technologies and providing a forum for the exchange of ideas. The recovery of both tangible and intangible cultural heritage is one of the most important aspects of cultural cooperation. The Heritage Programme carries out this task by providing specialised training for workers in Workshop Schools managed by the AECID.

Gender and Development

Gender equality – defined as the formal and real existence of the same rights, freedoms, opportunities, alternatives and responsibilities for men and women of all ages, social classes, cultures or ethnic groups – is a development goal and a fundamental factor in the effective and sustainable fight against poverty. Spanish cooperation efforts incorporate gender equality in every aspect of development program-

mes, with specific interventions in two priority spheres of action: supporting public policies that favour equality and eliminating domestic violence. It also supports processes that share the goal of overcoming discrimination and exclusion of women from circles of power where political, economic and other kinds of decisions are made that affect the course of their lives.

Building Peace

The Master Plan expresses Spain's intention of becoming an active "peace builder" and adopting this status as an identifying characteristic in a project involving foreign policy, security and cooperation. Spanish Cooperation's Peace-Building Strategy aspires to make Spain an active contributor to peace-building, based on the awareness that peace is one of the most important universal assets. This strategy aims to match Spain's own capacities and priorities abroad with the needs of the international community so that the targets set for 2015 can be accomplished. One example is Spain's provision of financial and technical assistance to the African Union's (AU) Centre for Conflict Prevention, Security and Peace Building, which aims to reinforce the operational capacities of the Peace and Security Council (PSC) and other related institutions.

Contribution to the UNDP

Spanish President Rodríguez Zapatero travelled to New York in December 2006 to sign an agreement with the United Nations Development Programme (UNDP) for the creation of a fund of 528 million euros (700 million dollars) in 2007, which will be used to achieve the Millennium Goals. This extraordinary development fund is part of Spain's increasingly more significant contribution in this area, which in 2006 was valued at over 449 million euros.

The short-term targets of Spanish development policy consist of reaching 0.5% of the GDP for Development Assistance in 2008, im-

proving the quality of assistance, and reaching 0.7% in the following legislature. Spain can undoubtedly boast the most ambitious plan for official development aid currently underway.

Spain is now the eighth-largest contributor to the United Nations in terms of mandatory member-state donations. Contributions to voluntary programmes have experienced an amazing increase in recent years; in particular, funds donated to the UN Global Fund for Women rose from one million euros in 2005 to eight million in 2006, and Spain's contribution to UNICEF shot from four million in 2005 to twenty-seven million in 2006. Spain has been engaged in the process of practically quadrupling the amount of its contributions to the United Nations system since the beginning of the present legislature.

The UNDP contribution agreement is particularly noteworthy. This 700-million-dollar fund that Spain has committed to set up will be used to fight poverty, provide education and protect the environment. The funds will be applied to regional or individual projects in various countries, which will be determined by a joint committee of the Spanish government and the United Nations.

In the history of the United Nations, there have been very few occasions on which a single country has made a concentrated effort as important as that which Spain is currently making for the cause of solidarity. It is equally certain that very few nations have so decidedly increased their voluntary contributions to assistance programmes in the world in such a short period of time, working through the institution with the reputation, power and resources needed to achieve the Millennium Goals established by the UN.

THE ALLIANCE OF CIVILISATIONS

Since the Spanish president presented the proposal for an Alliance of Civilisations before the General Assembly of the United Nations in September 2004, the initiative has made great

headway. In a short time, it has become a new instrument in the hands of the international community for facing problems deriving from the management of diversity and, in particular, for mobilising moderates in the Western and Arab-Islamic world, which constitute the vast majority, in an effort to isolate the extremist minority.

The aim of the Alliance of Civilisations is to help narrow some of the gaps that exist in today's globalised world, especially those related to culture and religion. To this end it advocates the application of specific political measures in four fields that have been identified as high-impact: youth, education, migration and the media.

The initiative enjoys an ample political support base in the international community. The final document of the 2005 World Summit expressed the unanimous support of the member-states of the United Nations. There is also a Group of Friends of the Alliance of Civilisations that has grown larger since that time and currently includes over 80 nations and international organisations.

The Alliance of Civilisations is part of the Spanish government's efforts to promote efficient multilateralism and the reinforcement of the United Nations' role in today's world. In this respect, it is worthwhile mentioning that in 2005 the Alliance of Civilisations was adopted as an official initiative of the United Nations Secretary-General, who in April 2007 named Jorge Sampaio, the former president of Portugal, as his High Representative for the Alliance of Civilisations. This prominent appointment ushered in a new phase in the initiative's history, granting it a higher political profile and laying the foundations for moving towards its practical implementation.

A few weeks after his appointment, the High Representative announced an Action Plan that sets out a specific work programme for the two-year period from 2007 to 2009. The plan highlights three areas of priority action for the Alliance:

- As a tool that can be used by those who wish to launch intercultural dialogue cooperation projects.

- As a forum for proposing and supporting projects that focus on improving intercultural relations in the areas of education, youth, migration and the media.
- As a space for facilitating dialogue and a political tool available to those who promote moderation and mutual understanding in times of crisis.

The Alliance will gain strength as the various nations gradually integrate it in their own national policies. It is destined to inspire our instruments of conflict management, our international cooperation policy and our internal sectorial policies in education, youth, migration or the media. To move forward in this direction, the High Representative has invited the nations committed to the Alliance to draft national plans or strategies that translate the principles of the Alliance into concrete political measures. Spain approved its own national plan in January 2008.

Moreover, the Alliance aspires to work in tandem with international and regional organisations that work in the field of intercultural dialogue. It hopes to become a horizontal instrument of the United Nations system that will serve to highlight the political importance of what these organisations do to improve the management of diversity. To this end, the High Representative has signed collaboration agreements with international organisations such as UNESCO, the Arab League and the Council of Europe.

Another of the main proposals included in both the Report of the High Level Group created in 2005 by the Secretary General and the High Representative's Action Plan is the celebration of a Forum of the Alliance of Civilisations. Conceived as the Alliance's great event where association agreements will be forged and commitments to specific actions and projects will be made, the Forum is intended to serve to identify good practices, share experiences and underscore the obstacles that must be overcome in order to improve mutual understanding.

The first Forum of the Alliance of Civilisations was held in Madrid on 15 and 16 January 2008. The event brought together numerous

countries and international organisations, as well as distinguished representatives from the political, academic, religious and business worlds. It was a great success in terms of the level and number of participants, the contents of the debates and the results achieved.

On the intergovernmental level, it is worthwhile noting that during the Forum a High Level Political Dialogue meeting of the Group of Friends was held, which 81 of the then 83 members of the group attended. 35 of the participating nations were represented by ministers and 10 of the 13 international organisations pertaining to the group were represented by secretary-generals.

The Forum's success has proven the pertinence of this initiative. The Alliance of Civilisations is "the right initiative at the right time," in the words of the High Representative. Some of the specific results achieved are as follows:

1. Spain and New Zealand presented their National Plans, and Turkey announced the elements of its National Strategy for the Alliance of Civilisations.
2. The High Representative signed five Memoranda of Understanding with various international organisations – UNESCO, the League of Arab States, ISESCO, ALECSO and United Cities and Local Governments (UCLG) – as well as a Letter of Intent with the Council of Europe.
3. Sheikha Mozah bint Nasser al-Missned, consort of the Emir of Qatar, announced the launch of "Silatech," a global initiative for youth employment set up with an initial investment of 100 million dollars. The initiative includes collaboration agreements with the World Bank and the private business sector.
4. Queen Noor of Jordan, on behalf of the King Hussein Foundation, announced the launch of an Alliance of Civilisations Media Fund to fight against stereotyping in the media by signing collaboration agreements with well-known producers, distributors and Hollywood agencies. The fund is endowed with an initial private investment of 10 million dollars.



The President of Spain, José Luis Rodríguez Zapatero, and the United Nations Secretary-General, Ban Ki-moon, during the inauguration of the first Forum of the Alliance of Civilisations in Madrid on 15 and 16 January 2008.

5. The Alliance of Civilisations Clearinghouse was launched and set up with a pilot project in the field of media literacy education.
6. The Rapid Response Media Mechanism was launched, which will establish a public database of global experts in intercultural dialogue accessible to journalists and the media, especially during crisis situations.
7. The Youth Solidarity Fund was created, which aims at providing small-scale assistance for youth programmes in the sphere of intercultural and interreligious dialogue.

Other important commitments were also made to further the goals of the Alliance of Civilisations, such as the creation of a worldwide network for information and good practice sharing between foundations and individuals that will work in the field of intercultural dialogue, the creation of an Alliance of Civilisations network of goodwill ambassadors, and the drawing up of a catalogue of good practices in the business sector as regards intercultural dialogue.

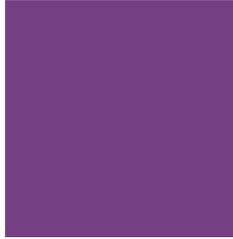
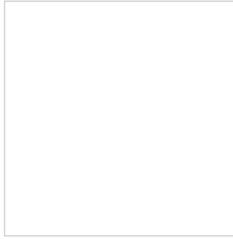
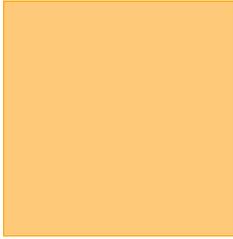
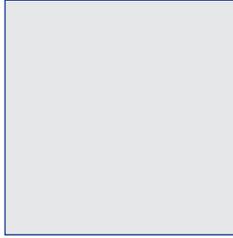
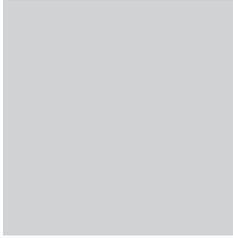
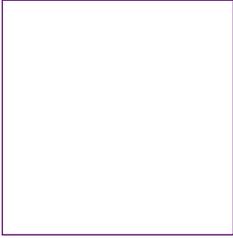
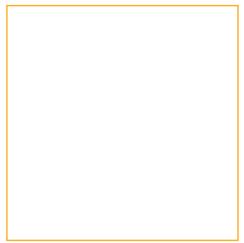
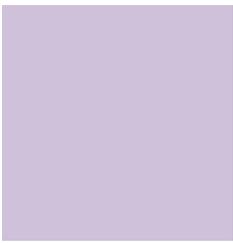
The next forum will be held in Istanbul next year. Countries such as Qatar, Brazil and Morocco have expressed their intention of hosting future meetings of the forum.

For further information:

www.aeci.es

www.maec.es

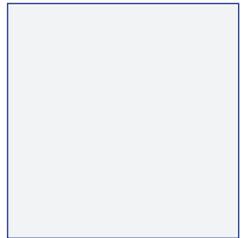
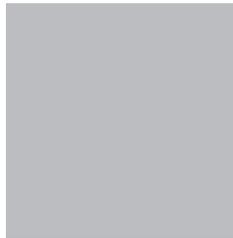
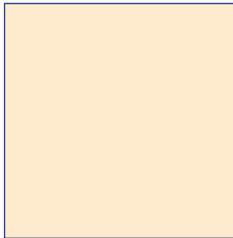
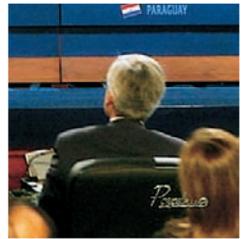
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CHAPTER V



SPAIN AND LATIN AMERICA



SPAIN AND LATIN AMERICA SPAIN AND LATIN AMERICA

Latin America is a substantial part of Spain's identity, which cannot be understood without considering the historical bonds that unites us and the present we share with the peoples and citizens of Central and South America. Consequently, Latin America must be and is a constant priority in Spanish foreign policy.

In this respect, the Spanish government has launched initiatives in various areas in order to give Spanish-Latin American relations the privileged status they deserve. Spain now has sufficient economic clout and political determination to make a substantial contribution to the development and prosperity of Latin American nations.

The Latin American policy of the current administration is based on a desire to combine the defence of our interests with the needs and aspi-

rations of the countries and peoples of that region. These two goals are actually interrelated, because the best way to defend Spanish interests in Latin America is undoubtedly by supporting the consolidation of democratic institutions, strengthening social cohesion and promoting wellbeing and development.

New factors

Our policy takes into account that, although the substratum of this relationship is the same as ever (a common identity and a shared history), there are now new manifestations that affect it.

The first of these is the spectacular increase of Spanish investment in the region, particularly in the largest and most important countries. We are now the second largest investor in Latin America (or the first, depending on the criteria used) and we play a decisive role in strategic sectors such as banking, communications, energy and public services in general.

The second is the equally significant increase in immigration from Latin America to Spain. As a former emigrant nation, Spain is able to value this novel phenomenon as a positive one, as it makes a necessary contribution to our

17th Ibero-American Summit of Heads of State and Government held in November 2007 in Santiago de Chile.





4th EU-Latin American and Caribbean Summit, held in May 2006 in Vienna.

own economic progress. Efforts are also being made to discover formulas that grant stability and tranquillity to the Latin American immigrants who live and work among us, so that they can better contribute to the progress of their countries of origin via new mechanisms of co-development that take into account the substantial increase in the amount of funds these newcomers send home.

We are also well aware that Latin America is now facing new challenges. Twenty years ago, the challenges consisted of re-establishing democratic, civil and representative regimes and solving armed conflicts in Central America. Spain made a significant contribution to the restoration of democracy in the southernmost region of South America and the peace processes in Central America.

Today, most of the countries in the region have democratically elected governments and, apart from the occasional unfortunate exception, armed conflicts can be considered a thing of the past. The primary goal of democratic regimes, at the dawn of the 21st century, must be the eradication of poverty and social exclusion. Latin American societies want their democratic political systems to meet their legitimate expectations of economic welfare and development and to make headway in the effort to mitigate inequalities. Social cohesion and equitable development are challenges that demand a re-

sponse. The Spanish government wishes to reinforce Spain's involvement in strengthening the institutions of Latin American nations; in this respect, we can offer the benefit of our recent experience in the successful creation and consolidation of our own democratic system. In addition to institutional reinforcement, poverty and inequality – which are higher in Latin America than anywhere else in the world – must also be substantially reduced in order to attain a high level of stability. According to recent World Bank figures, 10% of the Latin American population controls 48% of the wealth, and the poorest 10% of the population has access to barely 16% – in other words, thirty times less. According to data from the UNDP, the average regional per capita income has hardly varied in the last twenty years and although poverty levels have decreased in relative terms in certain countries, they have increased in others. In fifteen countries, more than 25% of the population lives below the poverty line, and in seven of these countries, the figure is over 50%. These nations have introduced economic reforms that are aggressive enough to boost the economy, but the lack of a broad support base and their failure to respond to the reality of the situation makes them unable to bring about an equitable change.

Spain has contributed its own resources to help fight poverty and strengthen social cohe-

sion, and it will continue to do so. However, Spain also has defended and will continue to defend a more flexible position in international forums regarding Latin America's reasonable demands in matters of finance and the access of their products to the markets of developed countries.

Spain's development cooperation policy is one of the fundamental instruments of our current Latin American policy. In fact, Latin America receives 45% of Spain's Official Development Assistance and, in accordance with our diagnosis of the regional situation, most of this money is used for programmes designed to reinforce institutions and eradicate poverty and inequality by attending to basic needs. The administration is determined to strengthen the cooperation policy by endowing it with more resources. We have increased these funds to 0.5% of the GDP in 2008, representing a two-fold increase in just four years.

The government has also emphasised the need for Spanish investors to adopt corporate social responsibility policies (almost all of them already do), based on the conviction that the best way to guarantee their interests is to ensure the stability and development of the countries where they operate. The government also intends to introduce bilateral mechanisms to ensure that the interests of Spanish companies have greater legal protection, are better defended and contribute more effectively to the development of the countries where they operate. In this respect, agreements to promote and protect investments and avoid double taxation have been signed with almost every Latin American country.

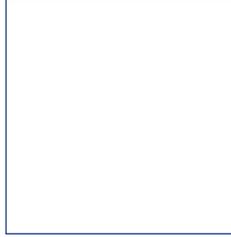
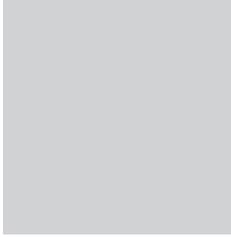
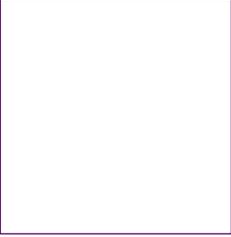
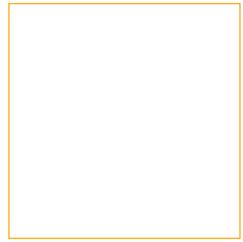
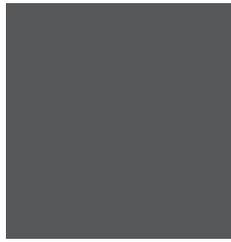
The Spanish government believes that multilateralism and integration are the best responses

to the dangers of globalisation. Obviously, this also applies to the present-day reality of Latin America and our relationship with the region.

Spain supports the different sub-regional processes of economic and trade integration: MERCOSUR, the Andean Community and the Central American System. Furthermore, Spain actively promotes free trade agreements between the European Union and these integration mechanisms.

Independently of these agreements, we believe it is essential for the EU to increase its involvement in Latin America, which is why Spain actively participates in the EU-Latin America and Caribbean Summits that began thanks to a joint initiative of the Spanish and French governments. In May 2008, the fifth summit was held in Lima.

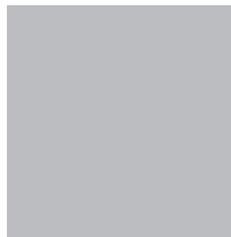
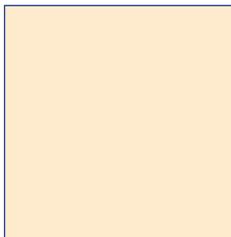
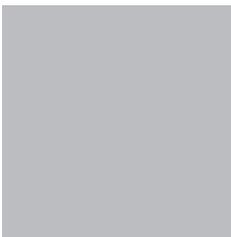
Latin America has an important role to play in a world that we hope will be multi-polar, a place where multilateralism will replace unilateral actions. However, this region must first reinforce its cohesion and speak with one voice whenever possible, in order to make itself heard on certain matters. To this end, the Ibero-American Summits must be reinforced as instruments of consensus; at present, they constitute the best channel for the Latin American community to become an agent of multilateral dialogue on many of the issues on the international agenda. This goal inspired the creation of the Office of the Latin American Secretary-General, which is primarily dedicated to ensuring that our Latin American community can efficiently address and overcome the challenges that the continent now faces and the concerns arising from an increasingly dynamic, varied and complex relationship.



CHAPTER VI



DEFENCE POLICY





The Prince of Asturias reviews a Multinational Unit at the airport in Mostar, Bosnia-Herzegovina.

Said Directive is the basis of defence planning; it describes our current strategic scenario and establishes the framework of Spanish security and defence, as well as the appropriate responses to the threats described.

In the framework of security and defence, Europe is our primary area of interest and, in this respect, Spain shall pursue a truly European security and defence policy. This priority is combined with a strong, balanced trans-Atlantic relationship, in which Spain occupies the role of a firm ally with a clear commitment to the North Atlantic Alliance.

The Mediterranean basin is of particular interest to Spain, which firmly supports all multilateral initiatives proposed by the European Union, NATO and the Organisation for Security and Cooperation in Europe (OSCE) for the Mediterranean region.

Latin America is another priority area, which is why Spain shall intensify bilateral relations and military cooperation with Latin American states and shall support regional initiatives designed to reinforce multilateral cooperation among nations of the Latin American community.

The National Defence Directive establishes five broad lines of action:

- Consolidation of the role of the Armed Forces as an important element of the State's foreign activity.
- Dynamic and constant transformation of the Armed Forces in order to adapt to the circumstances and needs deriving from the strategic situation at any given time.
- Cooperative fulfilment, together with our partners and allies, of our obligations in the area of shared security and collective defence.
- Firm and decisive support of an efficient multilateral system for resolving conflicts, always in absolute deference to and compliance with the decisions of the Security Council of the United Nations.
- The active participation of Parliament in debates regarding major defence policy issues, always seeking parliamentary support for the administration's decisions with regard to the participation of Spanish Armed Forces in overseas operations.

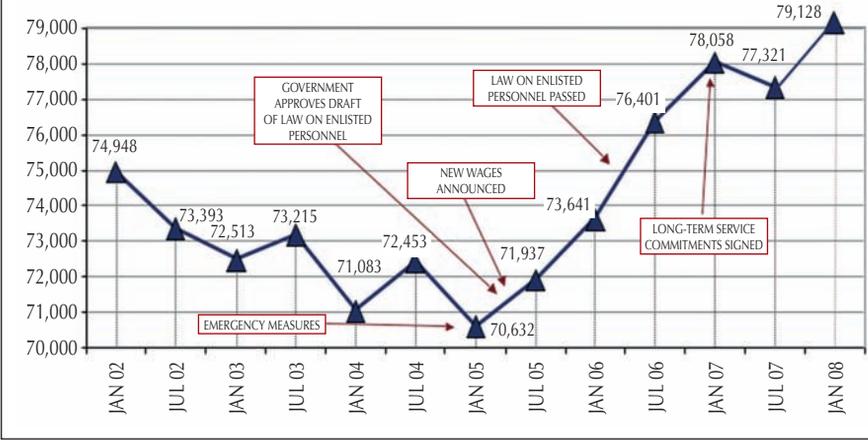
The Armed Forces: 126,000 professional members

The Spanish Armed Forces have a total of 126,000 members, of which 19,000 are officers, 28,000 are non-commissioned officers and 79,000 are enlisted personnel. They are all professionals, given that mandatory military service ended on 31 December 2002.

Since the new Law on Enlisted Personnel was announced in September 2003, the number of enlisted soldiers and sailors has steadily increased and is expected to reach 83,000 by the end of 2008, out of a total of 130,000 men and women serving in the Armed Forces. The number of women in the Armed Forces has also increased; at the end of the 2004-2008 legislature, 13% of all military staff and over 18% of enlisted personnel were female. This same percentage was 0.1% in 1991, 0.7% in 1995, 8.9% in 2000 and 11.5% in 2005.

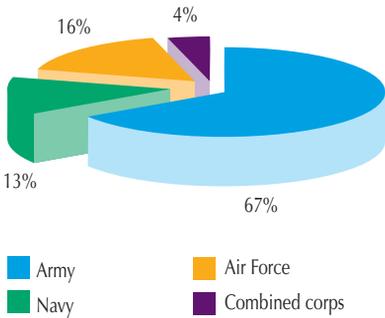
Women were first admitted to the Armed Forces in 1988, and the following year they were able to join the General Military Corps. Women were admitted, albeit with restrictions, into the ranks of enlisted troops in 1992, and all restrictions were later lifted in 1999.

EVOLUTION OF ENLISTED SOLDIERS AND SAILORS SINCE THE END OF MANDATORY MILITARY SERVICE (ALL SITUATIONS BY SIX-MONTH PERIOD).



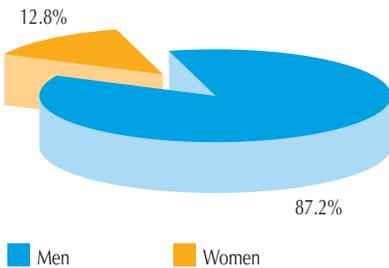
Source: Under-Secretariat of Defence. Directorate-General of Recruitment and Military Training. Subdirectorate-General of Recruitment.

ARMED FORCES



June 2006.

PERCENTAGE OF WOMEN IN THE ARMED FORCES



June 2006.

For the purposes of completely professionalizing the Armed Forces and making the military a more appealing career choice, Law 8/2006 on Enlisted Personnel was enacted. This legislation provides greater stability for the professional lives of soldiers and sailors by offering long-term service contracts (until age 58, transfer to the reserve or retirement) or short-term contracts of two or three years, renewable for up to six years.

This law also offers servicemen and women the option of remaining in the army until age 45, at which time they become entitled to a monthly stipend roughly equivalent to the minimum wage. This payment is compatible with other income obtained in the private sector, but it is not compatible with unemployment benefits.

The Armed Forces: More modern and efficient

Currently, over 26 billion euros have been allocated to programmes to modernise our armies.

With regard to equipment, the administration has decided to maintain the eight Principal Modernisation Programmes (F-100 frigates, Leopard tanks, Eurofighters, A-400M aircraft, Pizarro



The Spanish president, accompanied by the Minister of Defence, receives the Secretary-General of NATO at the Moncloa Palace on 8 May 2008.

phase 2, S-80 submarine, Tiger combat helicopter and the Strategic Projection Ship). Moreover, fourteen additional programmes were approved between 2004 and 2007.

In March 2006, the satellite Spainsat was launched – the primary tool used to facilitate military communications via satellite for Spanish Armed Forces out on deployment.

Spain's participation in NATO

Spain has participated in the Atlantic Alliance's activities since its inception on 30 May 1982. As an active member of NATO, Spain and its allies have helped to efficiently implement the profound internal and external transformations experienced by this organisation.

Some of the most important aspects of NATO's internal transformation in recent years include a significant reduction in forces and command centres, as well as the creation of multinational units. Another important change consisted of replacing the concept of "enemy" and developing the notion of "cooperative security." According to this approach, cooperation among nations is the best prevention against the threat of conflicts; it eliminates barriers between nations, making them feel more secure in an increasingly more interdependent world.

On 1 September 1999, the Sub-regional General Joint Headquarters Southwest in Retamares (Madrid) was activated when NATO's new command centre structure came into effect. In June 2001, Spain opened the Combined Air Operations Centre (CAOC) number 8 in Torrejón, which is dedicated to supervising air defence, and handed it over to NATO.

As a result of the 11 September terrorist attacks in the United States, deployment for Operation Active Endeavour began - an anti-terrorism mission that consists of patrolling the Mediterranean to control maritime traffic. On 4 February 2003, NATO extended the operation area and began to monitor vessels passing through the Straits of Gibraltar in an attempt to prevent terrorist threats, and in March 2004 it was further extended to cover the entire Mediterranean.

On 1 April 2003, the administration led by President José María Aznar approved the deployment of Spanish troops in Iraq. The contingent returned to Spain after the 2004 general elections by order of the new president, José Luis Rodríguez Zapatero.

In August, NATO took over command of the ISAF operation in Afghanistan with the mission of helping the Afghan government to expand its authority to the rest of the territory. Spain participates with a contingent of troops

deployed in Herat and Qala-i-Naw. Moreover, since October 2007, 54 Spanish soldiers have been trainings troops of the Afghan National Army.

In July 2004, the Sub-regional General Joint Headquarters Southwest in Retamares became the Land Component Command of NATO Command South (Naples). This command plays a vital role in the new command structure as one of only two land component commands.

On 5 August, the five nations of Eurocorps, including Spain, took command of the ISAF operation in Afghanistan for six months. The Eurocorps acts as a quick-response general headquarters for NATO, since the member nations decided to put this organisation at the service of the Alliance.

In December 2007, the Spanish general Ignacio Martín Villalaín took command of the European Union Force (EUFOR) in Bosnia-Herzegovina.

The future of European defence

After the Treaty of Amsterdam came into effect in April 1999, a process for developing new EU security and defence policies was set in motion.

The document "A Secure Europe for a Better World" described the European Security Strategy and established three main objectives: extending the security zone around Europe; reinforcing international order based on effective

multilateralism; and addressing new threats such as terrorism, weapons of mass destruction, organised crime, etc.

As far as Spain is concerned, the 2004 National Defence Directive is very clear on the matter of Spain's intentions, indicating that "Europe is the foremost region of interest for us; Spain will promote and support an authentic European security and defence policy, will back initiatives designed to achieve a common defence, and will contribute to providing the European Union with the civil and military capabilities required for active and independent intervention to prevent and resolve conflicts and to contribute to the preservation of international peace and security in accordance with the Charter of the United Nations."

The Armed Forces: Cooperative efforts

Some of the Spanish Armed Force's most fundamental missions are maintaining international peace, security and stability, as well as active participation in collective security and defence organisations, particularly NATO and the European Union.

As a member of the Atlantic Alliance, Spain has provided NATO's standing forces with various contingents. Spain also participates in the European Army Corps (Eurocorps), in the European Operational Rapid Force (Eurofor) and in the European Maritime Forces (Euromarfor), which are at the service of NATO and the Euro-



Group of Armed Forces tanks out on manoeuvres.

pean Union as well as other international security and defence organisations. In addition, Spain is also a member of the Spanish-Italian Amphibious Force, the European Amphibious Initiative, the European Air Group and the European Gendarmerie Force.

Spanish involvement in peace-keeping missions

The Spanish Armed Forces currently maintain several contingents engaged in peace-keeping missions abroad. In early 2008, the troops were deployed as follows: 258 soldiers in Bosnia-Herzegovina working to help the nation advance towards a future context of greater stability; 585 troops in Kosovo as part of NATO's multinational force; 690 soldiers in Afghanistan, deployed in Herat and Qala-i-Naw with the International Security Assistance Force in Afghanistan; and 1,100 men and women (the largest contingent) in Lebanon as part of the United Nations Interim Force in Lebanon (UNIFIL).

In addition, 9 military observers are currently deployed under the command of the European Union and the United Nations on missions to ensure compliance with various peace agreements.

Spain's official participation in United Nations missions began in 1989. Before this date, Spain had participated, albeit very sporadically, in similar operations, which we now call "peace-keeping operations."

Peace-keeping operations have progressively acquired tremendous importance in Spain's defence and security policy. Spain has focused particularly on these kinds of missions by maintaining a constant presence, investing increasingly greater economic resources and, unfortunately, also sustaining a tragic loss of human lives.

Since the year 1989, Spain has participated in a total of 52 peace-keeping and humanitarian operations, which nearly 80,000 troops from its three standing forces have made possi-

ble with their presence on four different continents. In the economic sphere, great efforts have also been made; to date, approximately 4,000 million Euros have gone to finance the cost of these operations.

Spain's modest involvement in this type of missions in the early years was followed by a substantial increase in 1992; this was motivated by Spain's decision to join the United Nations Protection Force in Bosnia, which increased the number of our troops deployed abroad to a total of 1,500. This number remained relatively stable until 1999, when our contribution to efforts in Kosovo raised the total to approximately 2,800 servicemen and women.

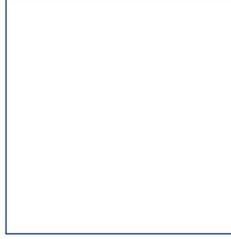
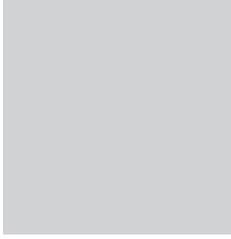
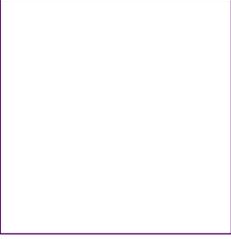
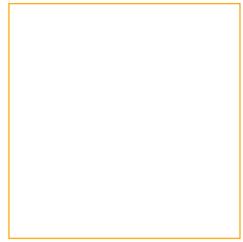
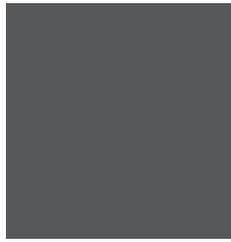
2003 saw the maximum number of Spanish troops deployed on foreign soil to date, with 3,600 troops on four different military stages, which required our Armed Forces to make a greater effort than was originally anticipated or planned. The situation eventually stabilised, and on 12 December 2003 the Council of Ministers agreed to impose a maximum of 2,700 troops. Numbers did not fall below this limit until the deployment of forces in Iraq ended in May 2004.

At present, the Spanish Armed Forces are authorised to deploy a maximum of 3,000 troops on foreign assignments, and involvement is expected to remain at similar levels in the future.

The risk inherent in these missions is unquestionable. Tragic proof of this is the 143 men and women (from the Ministry of Defence or working for said institution) who have died in the line of duty while carrying out their missions.

With regard to humanitarian missions, the Spanish military has engaged in relief work in Mauritania, Pakistan, Indonesia, Mozambique, Turkey, Albania, Central America and Kurdistan to mitigate the effects of natural or man-made catastrophes.

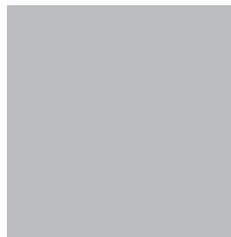
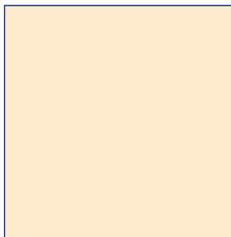
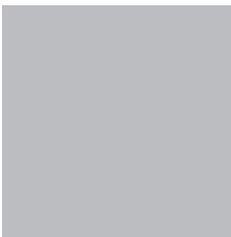
For further information, please consult the official website of the Ministry of Defence: www.mde.es.



CHAPTER VII



THE MODEL OF ECONOMIC POLICY



INTRODUCTION TO THE ECONOMIC POLICY

In recent decades, the Spanish economy has undergone an unprecedented transformation that has affected not just the productive structure of the economy but also the role played by economic policy.

Spain has gone from an economic system inherited from a country shackled by strict autocracy in the 1960s, characterised by a high level of interventionism and little integration with the outside world, to form part of the Economic and Monetary Union, where the Euro zone represents the most advanced state of economic integration known today.

Integration in the European Economic Community (EEC) in 1986 served as a stimulus for the country to open up to the outside world and to embrace liberalisation, in search of greater efficiency in the goods, services and factors markets. To bolster this process, important reforms were introduced to regulate the economy with a view to fostering the modernisation of markets by improving their performance and facilitating their integration, initially in European circuits and then worldwide.

The role of agriculture in the economy has declined, as its contribution to national production and employment has diminished.

The contribution of industry to the economy has also waned, although this has been compensated by strong growth in services, which currently account for around 60% of Spanish Gross Domestic Product (GDP).

The financial system has also undergone a truly extraordinary transformation, as evidenced by the extraordinary dynamism of the major Spanish banks in the international

markets, increasing their presence in other countries while maintaining very competitive positions with respect to other operators in the sector thanks to their favourable efficiency ratios.

These changes can be attributed not so much to the process of opening initiated with the Stabilisation Plan of 1959 as to the Moncloa Pacts signed in 1977 by the administration of Adolfo Suárez and social agents, as part of an integrated strategy to facilitate the modernisation of the Spanish economy and to help the country emerge from the oil crisis. However, the impact of new oil price pressure on Western economies, in a climate of low growth and high inflation, seriously limited the capacity of new reforms to foster the growth of Spain's economy.

Between 1986 and 1989, growth rates reached almost 5% (with average annual growth of 4.7% for the period as a whole and almost 20% during this four-year period), thanks to extremely dynamic domestic investment and consumer demand, which fuelled significant growth in employment and further consolidation of public spending.

However, due to strong domestic demand, the foreign trade imbalance became more pronounced and the first signs of inflationary pressure started to appear.

In 1993, Spain's economy plunged into a severe crisis that inevitably slowed down the process of convergence towards the income levels of its European Community partners. This prompted a dramatic increase in unemployment, which affected around 25% of the working population, accompanied by rapidly rising inflation rates and a worsening of public finance imbalances.

The European Monetary Union became a reality on 1 January 1999, when eleven member states adopted a single currency. The most immediate implication of the creation of the single currency was undoubtedly the system of monetary policy-making, control of which was definitively passed over to the European Central Bank (ECB). As a result, the Bank of Spain lost direct control over the design of monetary policy strategy.

Spain's entry in the Euro zone generated a climate of confidence, which was also boosted by other factors that were partly exogenous but which undoubtedly helped to consolidate the dynamism of the economy and to prolong the growth phase of the cycle currently enjoyed by the Spanish economy.

In fact, the fixing of an exchange rate that favoured Spain when it entered the Euro zone (since it clearly improved the competitiveness of Spanish products and consequently boosted exports), coupled with a more than substantial reduction in interest rates as a result of convergence and the commitment to budgetary discipline, stimulated growth during the second half of the nineties and early 2000s, enabling the country to make significant progress in convergence towards the living standards in other European Community countries.

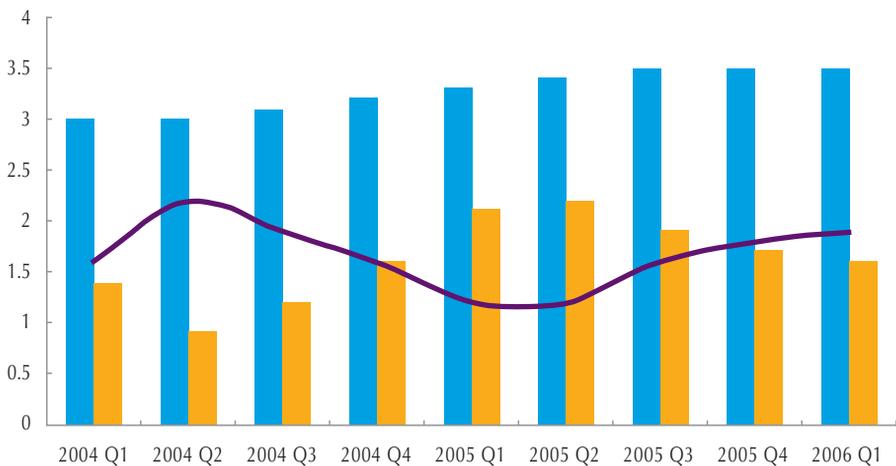
The National Reform Plan, the fundamental reference for the administration's medium-term economic policy which was approved by the European Commission in October 2005, set the strategic goal of achieving full income convergence with the EU by the year 2010. This goal was already reached in 2006, as reflected in the data published by Eurostat.

Furthermore, the substantial injection of structural funds from European Union coffers and the influx of immigrants had a positive impact on GDP growth, job creation and macroeconomic consolidation, helping to reduce public debt and curb inflation rates. Different reforms were also introduced during this period in the labour, goods and factors markets. Spain's economy has enjoyed more than thirteen years of continuous growth, displaying great dynamism, unlike the economies of most European countries which, despite the expansive nature of monetary policy, have been unable to achieve more robust levels of growth due to sluggish demand.

These factors have meant that since 1999 Spain has accumulated a substantial growth differential with respect to other countries in the Euro zone; it boasts an average growth of 1.6 percentage points and in several quarters has been above 2 percentage points. As a result of this growth, Spain's GDP per capita is now higher than the EU-27 average and has progressed to 95.5% of the Eurozone average.

In recent years, the growth of the Spanish economy has been driven largely by dynamic internal demand, and in particular by the dy-

GROWTH OF GDP IN SPAIN AND IN THE EURO ZONE 2004-2006



namism of consumer demand and investment in construction. In recent quarters, however, investment in capital goods appears to have replaced these two areas as a predominant economic sector and has maintained high activity rates that will serve to consolidate the quality of growth in coming years.

Meanwhile, foreign trade has contributed negatively to growth due to the worsening trade deficit, caused by different factors such as strong domestic demand and the sluggishness of the main economies in the Euro zone as well as sharp rises in international oil prices in recent months.

GDP PER CAPITA (PPP). EU-27=100

	Year 2006
Luxembourg	279.6
Ireland	145.7
Netherlands	130.8
Austria	127.7
Denmark	126.0
Sweden	124.8
Belgium	120.0
United Kingdom	118.1
Finland	117.1
Germany	114.3
France	111.1
Euro Zone	110.3
Spain	105.1
Italy	103.6
EU-27	100.0
Greece	97.4
Cyprus	92.1
Slovenia	88.0
Czech Republic	78.7
Malta	77.0
Portugal	74.6
Estonia	68.5
Hungary	65.0
Slovakia	63.8
Lithuania	56.2
Latvia	54.2
Poland	52.5

Source: EUROSTAT.

Nevertheless, it seems that spending is being kept under control. As a result, the negative contribution to growth of the foreign trade deficit has slowed down considerably in recent quarters.

The growth of the Spanish economy has led to an intense process of job creation that has reduced unemployment to single digits (8.6% according to data from the Labour Force Survey for the fourth quarter of 2007).

Furthermore, the application of responsible tax policies geared towards stability and sustained economic growth have reduced public debt to levels significantly lower than those in other Euro zone countries.

As a result of this growth, Spain is now one of the most advanced industrialised countries measured in terms of Gross Domestic Product (GDP). Thus, in 2007, and according to preliminary forecasts published by the National Statistics Institute, GDP at market prices totalled 1,049,848 million euros (data adjusted for seasonal and calendar effects), while GDP per capita at current prices rose significantly to 22,260 euros, 13% higher than in 2004.

Consequently, GDP per capita (measured in terms of purchasing power parity, PPP) in 2006 was at 105.1% of the EU-27 average.

If we look at the situation by region, eight of the seventeen Autonomous Regions can boast GDP per capita levels above the EU-27 average (Cantabria, the Basque Country, Navarre, La Rioja, Aragon, Madrid, Catalonia and the Balearic Islands) and seven are above the national average (all of the aforementioned except Cantabria).

THE SPANISH ECONOMY TODAY: ECONOMIC STRUCTURE BY SECTORS

In the last four decades, the relative weight of the different sectors in the economy has varied substantially, with the services sector enjoying strong growth at the expense of the primary sector and industry, whose contribu-

tion in terms of Gross Added Value (GAV) and employment has declined in recent years.

Agriculture

The contribution of agriculture, livestock farming and fishing has actually fallen to little more than 2.3% of GDP and 4.5% of the working population.

However, Spain is still the second largest contributor to agriculture in the EU in terms of agricultural surface area (25 million hectares of usable agricultural area (UAA), working population engaged in agriculture and number of farms.

Most Spanish farms are small, with an average UAA of 24.8 hectares. Although the average UAA has been increasing gradually since 1999, there are still many very small farms. In fact, 49% of farms have an UAA below 5 hectares.

In terms of farms dedicated solely to livestock, most are poultry farms, together with cattle, pig and sheep farms.

Industry

According to the Industrial Survey of Companies, industry posted revenues of 495 billion euros in 2004, providing employment to approximately 2,620,000 people. Industrial investment totalled 23.634 billion euros.

Revenues were largely concentrated in Catalonia (25% of the total), the Autonomous Region of Madrid (11.4%), the Autonomous Region of Valencia (10.8%) and the Basque Country and Andalusia (9.4%).

An analysis of the business structure of industry by company size (number of employees) reveals that companies with more than 1,000 employees generated more than 27% of sector revenues. This figure rises to 64% if companies with more than 100 employees are included.

The major contributor to industry revenues was the food, beverages and tobacco sector, which accounted for 17% of total sector revenues, followed by transport mate-

rials (13.2%) and metallurgy and manufactured metal products (12.3%).

Energy

The primary energy sector in Spain produced 33,045 KTOE (kilotons of oil equivalent). In terms of energy sources, most primary energy produced in 2004 was generated by nuclear power (50.2%), with coal (20.9%), renewable energies (19%) and hydraulic energy (8.2%) trailing far behind. The overall total for oil and natural gas was below 2%.

Construction

Construction has been the most dynamic sector in the Spanish economy in recent years, clearly influencing other activities since its production involves a high level of intermediate consumption.

Thanks to this dynamism, the GAV of the construction sector accounted for 10.4% of GDP in 2005, while investment in construction represented more than 17% of GDP.

This growth has been clearly reflected in employment in the sector, which has risen significantly and accounts for 14% of the total labour force.

The construction sector has also become a major contributor to financial flows, as shown by the high growth rates in mortgage loans.

Services

The importance of the services sector in the economy has gradually increased, and it currently accounts for 60% of GDP. According to the Annual Services Survey, service sector revenues in 2004 totalled 1,030,272,000,000 euros, maintaining the strong upward trend observed in previous years.

This increase has fostered significant growth in employment in the services sector, which now employs more than 8.2 million people.

In terms of branches of activity, retail accounts for most production and employment, followed by services, tourism and transport.

THE POLITICAL-ECONOMIC MODEL BASED ON MACROECONOMIC STABILITY AND PRODUCTIVITY GROWTH

In Spain, productivity has grown at a slower pace than in most neighbouring countries. Although this has partly been due to the very dynamic employment in recent years, it is also true that other industrialised countries have enjoyed periods of strong growth in employment coupled with very dynamic productivity due to the emphasis in economic policy on the capitalisation of the three pillars of the economy: capital in infrastructures, human capital and technological capital.

The administration is well aware of the importance of productivity for guaranteeing medium and long-term economic growth. It has therefore made productivity one of the cornerstones of its economic policy strategy, combined with stability and macroeconomic rigour and the quality and transparency of public actions.

With these principles in mind, in March 2005 the government presented the Plan to Dynamise the Economy and Enhance Productivity (Dynamisation Plan), the result of intense analysis and consultation among the different ministerial departments and sectors concerned. The Plan was accompanied by a set of specific, urgent measures to be implemented in the short term.

The Dynamisation Plan is structured around the following six pillars:

- Defence of competition.
- Products and services markets.
- Factors markets.
- Quality and efficiency of public spending.
- R&D&I.
- Transparency and quality of the regulatory framework.

The Balance of Payments

According to data for 2005, the internationalisation of the Spanish economy has intensified, as shown by the greater opening up of the economy in recent decades.

Spain's Current Account

In 2007, the trade balance posted a deficit of 98,952 million euros. The export coverage rate (the value of exports as a percentage of the value of imports required to estimate the capacity of exports to cover payments deriving from the purchase of goods abroad) was 64.7% in the same year.

These indicators are expected to improve in coming months as a result of the recent upswing of demand in the leading European economies, which can only benefit Spanish exports. The pace of import growth may also slow, thus allowing for a more equal balance of imports and exports.

FOREIGN TRADE: MAIN VARIABLES

Period	Exports		Imports		Balance		Coverage (%)
	Millions €	% var. equal prev. period	Millions €	% var. equal prev. period	Millions €	% var. equal prev. period	
2004	146,924.7	6.4	208,410.7	12.6	-61,486.0	30.8	70.5
2005	155,004.7	5.5	232,954.5	11.8	-77,949.7	26.8	66.5
2006	170,438.6	10.0	262,687.2	12.8	-92,248.6	18.3	64.9
2007*	181,478.5	6.8	280,430.6	8.0	-98,952.0	10.3	64.7

*Provisional data.

Source: Deputy Directorate-General for Analysis, Strategies and Evaluation, with data from the Spanish Customs & Excise Department of the National Tax Authority.

FOREIGN TRADE: BREAKDOWN BY ECONOMIC SECTOR (DECEMBER 2007)

	Exports		Import	
	% total	% 07/06	% total	% 07/06
Total	100.0	-2.4	100.0	14.8
Food	16.5	13.3	8.7	9.8
Energy products	5.9	0.7	18.7	49.8
Raw materials	1.9	-3.7	3.2	-3.6
Non-chemical semi-manufactured products	11.8	-2.8	7.7	-1.0
Chemical products	13.9	10.0	10.8	13.6
Capital goods	22.0	-14.9	25.3	10.9
Automotive industry	15.2	-9.0	12.7	11.3
Non-perishable consumer goods	3.3	-0.1	3.0	-5.4
Manufactured consumer goods	7.2	-3.2	9.1	10.8
Other goods	2.3	18.9	0.7	78.1

Source: Sub-Directorate of Analysis, Strategy and Evaluation, based on data provided by the Department of Customs and Excise of the Spanish Tax Authority.

In fact, available data points to stronger growth of goods and services exports, which have increased from 0.16% in the first quarter of 2005 to 5.1% in the fourth quarter of 2007 according to Quarterly National Accounting figures.

From a sectorial and geographical standpoint, an analysis of Spanish foreign trade reveals a specialisation profile typical of advanced economies with exports destined primarily for countries with similar income levels. By sectors, the data confirms that capital goods exports and semi-manufactured goods exports (22% and 16.5% of all

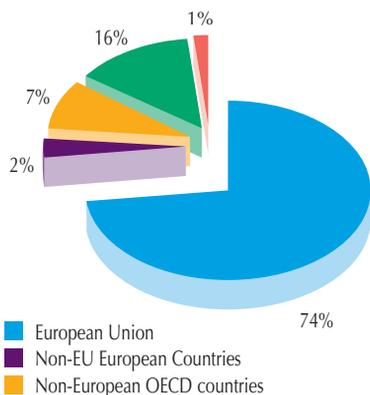
exports respectively) have stabilised at high levels.

Import growth has been conditioned by the increase in the value of energy product imports, fuelled by the sharp rise in the price of such products on the international markets.

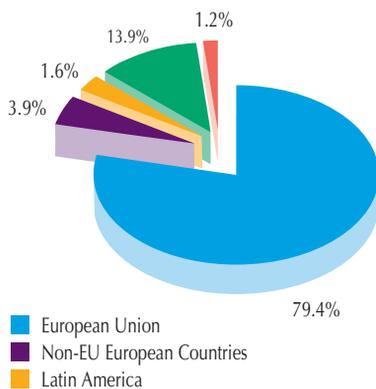
In line with the trend of previous years, the capital account in period from January to November 2007 accumulated a surplus of 3,640 million euros.

Lastly, according to the results of the financial account, Spain is a net exporter of capital in terms of Direct Investment Abroad.

GROSS INVESTMENT 2005. DESTINATION COUNTRIES



GROSS INVESTMENT 2005. ORIGIN COUNTRIES



This reveals the growing internationalisation of Spanish firms, as well as their dynamic investment and competitive capacity.

Available data show a sharp increase in investments in listed companies made by non-residents; consequently, portfolio and other types of investments compensated the net outflow generated by direct investments.

AGRICULTURE IN SPAIN

In Spain, agriculture is a strategic sector of enormous social, territorial, environmental and economic importance.

It is important to remember that more than half of the surface area in Spain is directly used for agriculture (38% of the land for crops and 14% for meadows and pastureland).

The agro-food industry is one of the booming sectors in the Spanish economy. Agricultural production continues to increase and is now valued at more than 45 billion euros.

The Spanish agro-food industry is the country's main industrial sector (it employs around 500,000 people and generates 17% of total industrial sales).

It must also be noted that agro-food exports have recorded consistently positive trade balances.

National Agricultural Policy

The specific priority objective of Spanish agriculture, within the scope of the CAP and national agricultural policy, is to consolidate and enhance safe, high-quality, sustainable production geared towards the market, ensuring both its economic and social viability and compliance with environmental practices and rules as well as indirectly fulfilling productive functions assigned to agriculture by society.

Production

Agricultural production in Spain in 2007 was valued at 45,518 million euros, 60.6% of which corresponded to crop production.

The country's varied weather and soil conditions allow for an extremely diverse range of crops and therefore products (including Mediterranean, tropical and other warm climate products). Fruit and vegetable production accounts for 50% of total Spanish agricultural production. Other noteworthy crops include olive groves and vineyards.

Olive oil and table olive sector. Spain is the EU's main olive oil producer, providing 48% of total production, an olive tree area of 2.4 million hectares and approximately 309 million trees. Olive oil accounts for 5.7% of total crop production. In the 2006/2007 campaign, 612,000 tons of olive oil were exported, mostly to EU countries (78%).

Like olive oil, table olives yielded a clearly positive trade balance. Most of the product is exported: between 250,000 and 300,000 tons are exported on average each year.

Fruit and vegetable sector. Fruit and vegetable production in 2007 was valued at 15,000 million euros (37% of total agricultural production). The trade balance of each sub-sector in 2007 was positive: 2,728 million euros in the case of vegetables and 3,303 million euros in fruits. The European Union is still the main importer of our fruit and vegetables, absorbing more than 85% of volume and 90% of exports.

Fruits, processed vegetables and citrus fruit presented a net export balance of over 1,000 million euros.

Wine sector. Average wine production is over 40 million hectolitres of wine and mosto (unfermented grape juice); of this quantity, 13 million hectolitres correspond to quality wines and 21 million to table wines.

In 2007, 15.3 million hectolitres of wine were exported, setting a new record in exports and valued at over 1,800 million euros. The EU market is the main importer of Spanish wines, absorbing 75% of the total volume of Spain's wine exports. The five main importers

of our wines are France, Germany, Portugal, the UK and Italy. However, exports to the United States in 2007 were 19% higher in volume and 11% higher in value.

LIVESTOCK

Livestock farming has always been a strong and traditional economic activity in Spanish agriculture but it has developed substantially since Spain joined the European Union.

Livestock production in 2007 was valued at over 15,000 million euros, representing 35.6% of total final agricultural production.

The main livestock sector in Spain is pig meat, accounting 1/3 of the total value of livestock production. Spain is the second producer of pork in Europe after Germany, with a pig population of almost 27 million. It is also the most active sector in terms of international trade; Spanish pork exports have increased 21% of national production. Pork exports have increased by 60% in the last six years alone.

The next most important livestock sector is beef production. Spain has a cattle herd of 6.5 million animals, representing 15% of total livestock production in 2007.

Milk production accounts for 19% of livestock production. The dairy cattle population has also stabilised at around one million heads of cattle as a result of the application of the production quotas system.

The sheep and goat sector, with more than 25 million animals, accounts for 12% of final livestock production, followed by poultry production (also 12%) and egg production (6%).

The meat sector presents a favourable trade balance and exports, which have doubled over the last eight years, were valued at over 2,700 million euros in 2007. Exports are essential for some sectors, such as pork or eggs, both net surplus sectors in Spain, in order to maintain internal market equilibrium.

SPANISH FISHING SECTOR

Aquaculture

In addition to traditional fishing activity, special mention must be made of the extraordinary growth of the aquaculture sector in Spain, where the high level of productive and technological development in recent years has made this sector an additional source of food to complement commercial fishing, always aimed at ensuring the sustainability of resources.

The production of marine and continental aquaculture species grew in 2007 to a total of 400,000 tons, of which 301,865 tons corresponded to mussels and 98,135 tons to other species of fish, molluscs and crustaceans. The most important fish species were gilthead (17,836.3 tons), European seabass (9,438 tons) and turbot (6,215 tons) in the marine group, and trout (approximately 30,000 tons) in the continental group.

Fishing Fleet

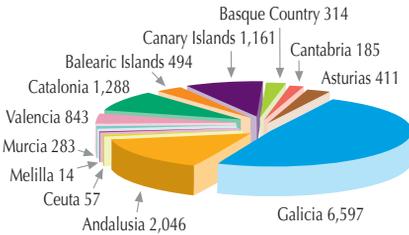
The Spanish government has made great efforts to modernise and adapt the country's fishing fleet to regulations governing fishing waters in order to guarantee the sustainability of fishing resources and to comply with the established EU framework.

As of 31 December 2006, the Spanish fleet contained a total of 13,398 vessels, 96% of which fish in Spanish waters (12,829); 221 vessels fish in European Union waters and 348 in the waters of other nations.

AQUACULTURE 2007

	Tons
Marine aquaculture	44,765
Continental aquaculture	53,370
Total aquaculture w/o mussels	96,135
Mussels	301,865
Total aquaculture w/ mussels	400.000

DISTRIBUTION OF THE FLEET AS OF 31/12/2005
BY AUTONOMOUS REGIONS
AND NUMBER OF VESSELS



Of the total, 9,408 fishing vessels are in regions with shared fishing grounds (Galicia and Andalusia) and 4,285 are not (the rest).

The Fishing Trade

The volume of catches sold amounts to 538,128 tons of fresh fish, 219,653 tons of frozen fish and 272,596 tons of aquaculture fish, with a total value of 1,815 million euros.

Production and Employment in Spain

Catches: 757,782 tons, of which 335,000 tons are caught in the Northeast Atlantic (CIEM), 107,000 tons in the Mediterranean and around 105,000 tons in the Central-Eastern Atlantic.

This fleet employs 38,550 workers on board fishing vessels, primarily in Galicia and Andalusia, which represent 70% of the total.

Spain is the leading fish producer in the European Union, accounting for 16% of total production.

Fish Exports and Imports

Spain is one of the world's major fish consumers, with consumption per capita currently standing at 36.5 kg per year – double that of the EU (15 kg/year). Domestic pro-

duction is therefore unable to satisfy market demand, so Spain is forced to import a large percentage of the fish it consumes.

Spain is one of the top ten countries in terms of fish product sales in international trade. Annual fish imports total 1,670 million tons and are valued at 5,150 million euros, with 31% originating from the EU.

Exports total 920,000 tons and are valued at 2,287 million dollars, with 77% destined for non-EU countries.

SPANISH TOURISM POLICY

Current situation of Tourism in Spain

If the major macroeconomic figures for tourism in the world economy are anything to go by, the importance of this sector in the Spanish economy today is incalculable: Spain is the world's second international tourist destination in terms of visitors and revenues.

In 2007, 59.2 million foreigners visited Spain, 1 million more than in 2006. These tourists generated revenues of 49,946 million euros, 3.5% more than in the previous year.

Most tourists visiting Spain in 2007 came from Europe, 93.2% to be exact. Three source markets – the United Kingdom, France and Germany, which accounted for 29%, 17.9% and 17% of all tourists respectively – represented nearly two-thirds of all tourists who visited Spain. There was a considerable increase in tourists from Scandinavia (11%) and Italy (8.1%). As regards non-European tourists, US citizens lead the ranking, accounting for 2.2% of total inbound tourists, equivalent to 25% of all visitors from non-European countries. In terms of access routes used, 74.9% of all tourists who entered Spain in 2007 arrived by air, 22.1% by road, 2.6% by sea and the remaining 0.4% by rail.

Traditionally, the greatest numbers of tourists normally arrive in the summer

months (from June to September). However, this trend has begun to change in recent years and tourist flows are more evenly distributed throughout the year in a slight shift away from former seasonal influx patterns. The relative weight of the summer months in terms of total annual arrivals is slowly yet progressively declining; in 1997, 49.3% of the year's tourists arrived in summer, as compared with 46.1% in 2007.

In 2007, the increasing preference for hotels over other types of accommodation was corroborated; 64.1% (37.1 million) of all foreign tourists chose to stay in hotels – 4.5% more than in 2006.

More and more tourists visiting Spain prefer not to purchase holiday packages before travelling. In 1997, 50% of visitors came on package tours, but only 31.6% chose this option in 2007 (4.8% less than in 2006).

The importance of tourism for employment is evidenced by the fact that, at the end of 2007, 12.7% of the workforce had tourism-related employment, representing a total of 2.57 million jobs (3.1% more than in the previous year).

Their distribution by branch of activity was as follows: 43.2% worked in the restaurant industry; 13.1% in hotels; 2.8% in travel agencies; and the remaining 40.9% in a range of activities including passenger transport (by air, sea or land), car rental and recreational, cultural and sporting activities.

In the months from January to December 2007, revenues generated by international tourism rose 3.7% to 42,200.9 million euros and covered 31.5% of the trade deficit.

Spaniards are also travelling more and more, and took over 133 million trips between January and October 2007. The greater financial capacity and desire of Spanish families to travel shows that the Spanish tourism sector does not only have to compete to attract foreign tourists but must also pay closer attention to the domestic tourist market.

Objectives of the Tourism Policy

On 8 November 2007, the Council of Ministers approved the Horizon 2020 Spanish Tourism Plan. This plan, which aims to make the Spanish tourism Industry more competitive and sustainable while ensuring the highest possible degree of social wellbeing, is destined to become a milestone in Spanish tourism policy after its approval by all regional authorities and the tourism industry itself, represented by the Spanish Tourism Council and the Sectorial Tourism Conference. Tourism 2020, thus based on the principle of shared leadership, establishes a strategic long-term working framework to successfully overcome the challenges faced by the Spanish tourism system. The plan's objectives and strategies place it within the context of the Lisbon Strategy, in what has come to be called a new tourism economy where special emphasis is placed on creating value for the customer and on the model's sustainability in a competitive environment.

Tourism 2020 is set in motion by the 2008 Operative Plan, drafted by the Secretariat-General of Tourism and conceived as a springboard for advancing towards the achievement of the Horizon 2020 goals.

The Policy for Promoting Tourism Abroad

TURESPAÑA is the independent body of the national government entrusted with promoting Spain as a tourist destination in international markets. It has a network of 32 Spanish Tourist Offices around the globe, which will be increased to 33 after 2008 when the STO in Mumbai (India), created by the Royal Decree of 24 August 2007, is up and running. The Spanish Tourism Institute (TURESPAÑA) has prepared a strategic plan called the "Plan of Objectives for the International Promotion of Tourism." This plan is divided into three parts: an analysis of the situation of the sector and international trends in tourism,

combined with a segment-based diagnosis of demand; the formulation of strategies for products and markets; and the promotional activities to be performed every year in each source market, via the establishment of specific action plans.

The plan aims to consolidate and improve the position of Spanish tourism products and destinations by promoting the consumption of potentially more profitable products for the Spanish tourism sector, through a combination of all or some of the following factors: greater spending by tourists; increased consumption of tourist services and infrastructures; development of tourism in new territories and destinations; and “de-seasonalisation” and the promotion of sustainable social and environmental development.

The policy for the international promotion of tourism is based on five pillars of action established in the plan: market research, image and positioning, development and marketing of Spanish tourism products, on-line marketing and management excellence. The Plan of Objectives for the International Promotion of Tourism is further developed in annual action plans. Since Tourism 2020 was approved, TURESPAÑA is adapting its own promotional strategy and has designed its 2008 Action Plan accordingly

Two of the main lines of action adopted by the Spanish Tourism Institute in recent years are improving the informative and promotional quality of the website www.spain.info by redesigning the page, and drafting a plan of strategic alliances and agreements with the Autonomous Regions.

THE TAX SYSTEM

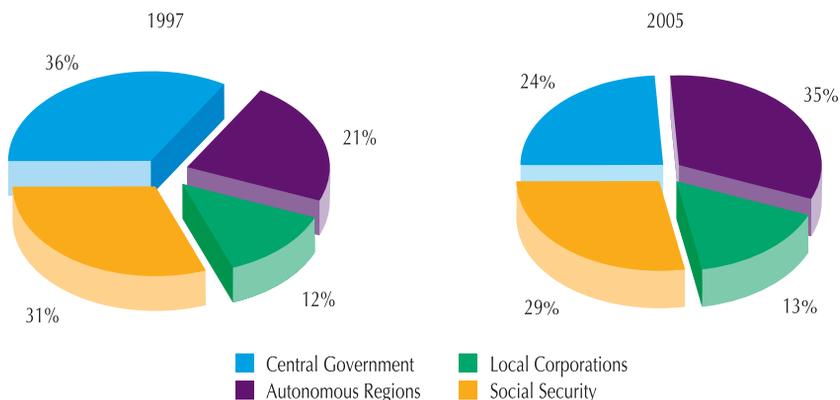
The current public revenues system in force in Spain is similar to that used by most developed countries, comprising mainly direct taxes and in particular Value Added Tax (VAT) as the principal indirect tax. This

structure means that revenues, together with a large proportion of expenditure, act as automatic stabilisers of the economy. In other words, in periods of stronger growth, tax collection increases at a higher rate than GDP, thus mitigating inflationary pressure; in less favourable climates, however, tax collection diminishes, which encourages economic growth.

As regards the structure of national tax revenues in 2005, approximately one third of these revenues are transferred to the Autonomous Regions, specifically by allocating portions of collected Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas* – IRPF), VAT (*Impuesto sobre el Valor Añadido* – IVA) and special taxes. Thus, in 2005 non-financial revenues accounted for just over 19% of Spain’s GDP. Moreover, of these revenues, the most important were tax revenues, which represented 17.7% of GDP. Of the different types of taxes, direct taxes accounted for 9.9% of GDP and indirect taxes represented 7.8%.

In terms of the importance of the different taxes as part of non-financial national revenues, according to the 2005 data mentioned previously, the vast majority of non-financial revenues (92.5%) corresponded to tax revenues. What is more, 92.2% also corresponded to income from taxes. This reveals the importance of taxes within the structure of public revenues. In terms of specific taxes, a distinction must also be made between direct and indirect taxes. Direct taxes accounted for 55.8% of total tax revenues in 2005, and the remaining income was collected from indirect taxes. The most important direct tax was Personal Income Tax (“IRPF”), since it accounted for almost one third of non-financial national revenues (31.5%) and 34.2% of tax income, followed by Corporate Income Tax, which was applied to the income of most companies and which represented 20.3% of total tax revenue. In terms of indirect taxes, 31.1% of total taxes collected corresponded to VAT, and 11.3% to special taxes.

PUBLIC SPENDING. PERCENTAGE STRUCTURE BY PUBLIC ADMINISTRATIONS



NB: if debt interest payments are excluded, the Central Government's share of spending in 2005 was 18.5%.

The Legal Budgetary Framework. The Commitment to Budgetary Stability

After analysing the main variables of the Spanish economy, we will now look at the legal framework of the National Budget, which is established by the Spanish Constitution, the Budgetary Stability Laws, the General Budget Law (Law 47/2003, of 26 November) and other budgetary legislation. These legal provisions attest to the strengthening of the budgetary institutions as part of the policy to prioritise budgetary stability in the strategy of Spanish economic policy.

The budgetary stability laws determine that each year the budgetary stability objectives for a three-year period must be established for the State, Social Security and Regional Governments, based on budget fo-

recasts published in the last update of the Stability Programme of Spain, as well as the limit of non-financial State spending compatible with its budgetary stability objective. The latest objectives approved before the reform of the stability laws came into force are shown in the table on these page.

The principle of stability is defined as a situation of equilibrium or surplus throughout the cycle, except in the case of Social Security, which must always attain a balance or surplus. The budgetary stability objective is established each year using two growth thresholds as points of reference (reviewable every three years): a top threshold over which governments must budget a surplus and a bottom threshold below which they may register a deficit, always with a limit (1% of GDP for all Public Administrations). Between the two thresholds, the governments must

CAPACITY (+)/ NEED (-) FOR FUNDING (AS % OF GDP)

Area	2007	2008	2009
Central Government (State + Autonomous State Entities)	0.2	0.2	0.2
Social Security	0.7	0.6	0.6
Autonomous Regions	-0.1	0.0	0.0
Local Entities	-0.1	0.0	0.0
Total Public Administrations	0.7	0.8	0.8

balance the budget. Initially, following the entry into force of the law, the minimum temporary thresholds were 3% and 2%, respectively, for the top and bottom thresholds. The obligation to budget with a surplus takes into account, whenever necessary, the degree of convergence of the Spanish economy with the European Union in terms of R&D&I and in the development of the Information Society.

The stability objective of the Territorial Administrations is set by the government after a period of consultation and negotiation with all the regional governments. Once the overall objective has been approved, the individual objectives of each region are agreed. Moreover, in order to enhance the solidarity principle, the role of the Fiscal and Financial Policy Board and of the National Commission of Local Administrations is reinforced in the entire process. The individual budgetary objectives of each region are identified, in particular State and Social Security objectives.

Budgetary Priorities

The priorities of economic policy are reflected in the changes in the structure of public expenditure through specific spending policies. These policies are a key element in the allocation of public resources and the budget allocations they receive reflect these priorities.

The emphasis placed in economic policy on improving the competitiveness and productivity of the Spanish economy is reflected in the budget by the very significant growth in productive expenditure, i.e. spending that can contribute most to boosting the competitiveness of the Spanish economy, mainly through investment in research, infrastructures and education, helping to strengthen the technological, human and physical capital of the Spanish economy. Consequently, there has been a very significant relative increase in the amounts allocated to these items of the National Budget for 2006, above the average for other budget

items. The budget for civil research was 31.8% higher than in 2005, enabling the financing of actions encompassed within the scope of the INGENIO 2010 programme. Infrastructures investment also increased significantly, by 13.3% in the provisions for the Strategic Transport Infrastructures Plan (PEIT), as a key instrument for the medium and long-term modernisation of infrastructures. Lastly, the budget for education was increased by 19.5% with respect to 2005. These data reveal the relative importance attributed to these actions. Foreign policy was also bolstered through an increase in the budget assignment for Official Development Aid; the aim is for this to reach 0.5% of GDP in 2008.

Apart from these items, another important element of the budget is its social dimension. In fact, from a quantitative standpoint, the most important budget items are those associated with social services.

The figure shows the percentage breakdown of spending for the central government in the consolidated national budget for 2006.

As can be seen, 48% of the budget is allocated to social welfare and promotion policies, which include economic and non-economic social benefits, 31% to general actions, 12% to economic actions in the different sectors of the economy, including research policy, 6% to basic public services, and 3% to providing primary social services.

Revenues: Tax Reform to Guarantee Economic Growth

As regards the legal framework governing revenues, tax reform is one of the main pillars of economic policy. In this sense, the government has adopted an initiative aimed at boosting growth, increasing equity (through fairer treatment of personal and family circumstances and better treatment of earnings) and improving the environment, bearing in mind that the budgetary stability objectives must never be compromised nor will tax pressure be increased. The reform is rounded

out by the Fraud Prevention Law. Fraud is the foremost cause of inequity in the entire tax system. The reform modifies the necessary regulation for the development of all measures adopted in the government's Tax Fraud Prevention Plan.

The main objectives of the tax reform are as follows:

- Boost economic activity, promoting growth, competitiveness and employment.
- Increase equity through fairer treatment of personal and family circumstances and improved treatment of earnings.
- Improve the environment by means of an environmental tax reform in accordance with the principle of "the more you pollute, the more you pay."

All of these objectives must be achieved while maintaining the budgetary stability objectives and without increasing tax pressure.

The tax reform rests on a series of fundamental pillars:

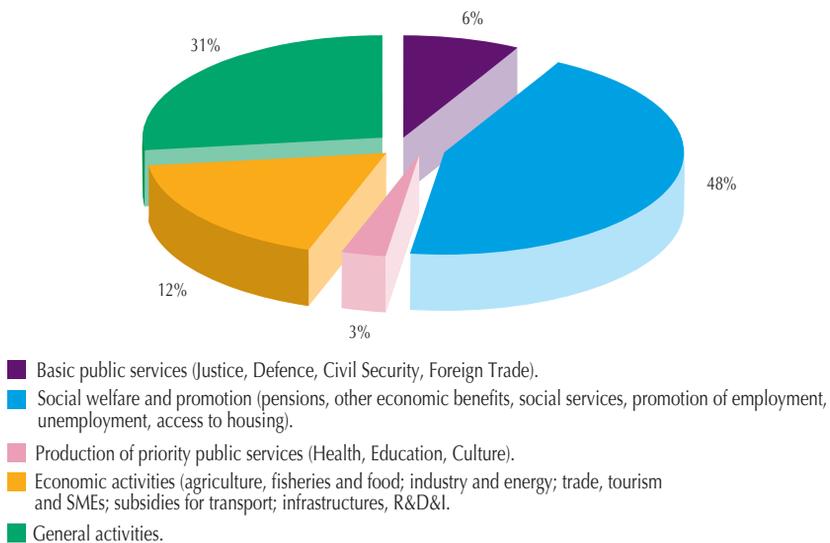
- Reform of Spanish Income Tax (IRPF).
- Reform of Corporate Income Tax.
- Environmental tax reform.
- Tax fraud prevention measures.

The reforms in the three areas mentioned above are rounded out by the Tax Fraud Prevention Law. Tax fraud has serious consequences for society as a whole. It undermines public revenue, putting more tax pressure on honest taxpaying citizens; it conditions the quality of public services and social benefits; it distorts the activity of different economic agents, which means that tax-compliant companies have to deal with unfair competition from non-tax-compliant companies. In short, tax fraud is the main source of imbalance in the entire fiscal system.

We may summarise by saying that the growing globalisation of the economy is introducing major concerns regarding productivity and economic growth. It is accompanied by new trends in international taxation including, most notably, the reduction in nominal interest rates for companies and individuals, the simplification of tariffs and tax benefits, as well as the search for a reduction in the taxation of the work factor.

Other relevant initiatives include attempts to achieve greater consistency in the

PERCENTAGE STRUCTURE OF CONSOLIDATED SPENDING. GENERAL NATIONAL BUDGET 2006



tax treatment of savings, linked to the growing freedom of circulation of capital and an increase in the relative importance of environmental taxation.

The Consolidation and Improvement of Regional and Local Funding Models

On 27 July 2001, the Fiscal and Financial Policy Board, made up of representatives from every Autonomous Region, unanimously approved the new financing model governing the use of funds made by the Autonomous Regions beginning in 2002. The model is based on the following summarised principles:

- Generality, since it is an integral model which aims to satisfy the interests of all the Autonomous Regions.

- Stability, in order to provide continuity and security to the Autonomous Regions once competencies have been completely transferred.

- Sufficiency and autonomy, insofar as the system guarantees the efficient rendering of the services assumed under the premise of autonomy so that individual regions can design their own spending and funding policies.

- Solidarity, since the aim is to achieve an equivalent quantity and quality of services. The system contains mechanisms for the convergence of regional income levels through the Inter-Territorial Compensation Fund.

- Fiscal co-responsibility, by providing the Autonomous Regions with new financial mechanisms granting them broader self-regulatory competencies in terms of Income Tax (IRPF), substantial competencies in the determination of VAT and Special Taxes and total autonomy in terms of Electricity Tax and Registration Tax. This introduces a certain degree of symmetry in national and regional funding, since the transferred basket of taxes recreates the structure and financial flexibility of the national tax system.

In the near future, a new reform of the regional funding system will be designed that will use public revenues to try to balance the high degree of autonomy of regional governments in terms of spending.

SUMMARY

In conclusion, Spanish fiscal and budgetary policy has achieved excellent results in recent years, such as the attainment of a surplus and a sharp reduction in public debt, thanks to a rigorous policy focused on stability. Instruments such as the new budget stability laws have also ensured a legal framework that will guarantee stability in the future. A new tax reform has been introduced which, among other aspects, enhances productivity and equity, and the first steps are being taken to develop a new system of regional and local funding that fosters greater co-responsibility.

THE TRANSPORT SYSTEM IN SPAIN

The 2005-2020 Strategic Infrastructures and Transport Plan (PEIT)

In 2005, the Spanish Government approved the 2005-2020 Strategic Infrastructures and Transport Plan (PEIT). This plan represents a clear qualitative and quantitative improvement over previous plans, since it is the first plan to undergo a strategic environmental assessment, in accordance with a procedure that meets the criteria and principles established in the EU Directive on Environmental Assessment of Plans and Programmes.

The PEIT forecasts investments of 248.892 billion euros, the largest investment in infrastructures and transport in the history of Spain. This represents an average annual investment of more than 15.5 billion euros and average investment of around 1.5% of GDP throughout the effective term of the plan (2005-2020).

The government is already well on its way to achieving this goal; since the PEIT was approved, the national budgets from 2005 to 2008 have set aside an average of 16.34 billion euros for investments in transport infrastructures.

The PEIT has been designed to cover all transport needs and to serve as a reference framework for infrastructures and transport policy in the medium and long term.

The PEIT is the expression of the government's new infrastructures and transport policy, designed as an instrument to achieve its overriding objectives in economic and social policy, which may be summarised as follows:

- Boost competitiveness and economic development.
- Strengthen social and territorial cohesion.

Transport Infrastructures in Spain

When the PEIT was first approved, the existing structural road system on the Spanish mainland comprised 25,000 km of the State Road Network, of which 9,000 km (37%) were dual carriageways (7,000 km) and toll motorways (2,000 km).

The PEIT will foster the creation of state-controlled high-capacity infrastructures with a High-Services Network, formed by dual carriageways and motorways, which will increase the 9,000 km existing at the start of the Plan to more than 15,000 km, correcting the existing radial nature of the system and forming a mesh-like system.

At present, the State Road Network boasts 25,804 kilometres, of which 10,081 kilometres (39%) correspond to the high-capacity network managed by the state – namely dual carriageways (7,743 km) and toll motorways (2,338 km). It must also be remembered that this structuring mainland network includes another 2,812 km pertaining to the Autonomous Regions' systems of dual carriageways and motorways.

With the PEIT, 94% of the population will be less than 30 km from a high-capacity

road, and the high-capacity road network will provide direct access to all provincial capitals.

Road Transport

Road transport is the foundation of inland mobility in Spain and is the most flexible and accessible way to take people and goods to the remotest corners of the country. These favourable conditions, together with the improvement of infrastructure and vehicles, have fuelled the success of every mode of road transportation, such as private cars, lorries and buses. The strategic importance of the road transport sector requires a legal and economic regulation of this activity, particularly with regard to the transport of goods and passenger groups, and it also entails the need to make this mode of transportation more environmentally sustainable and safer.

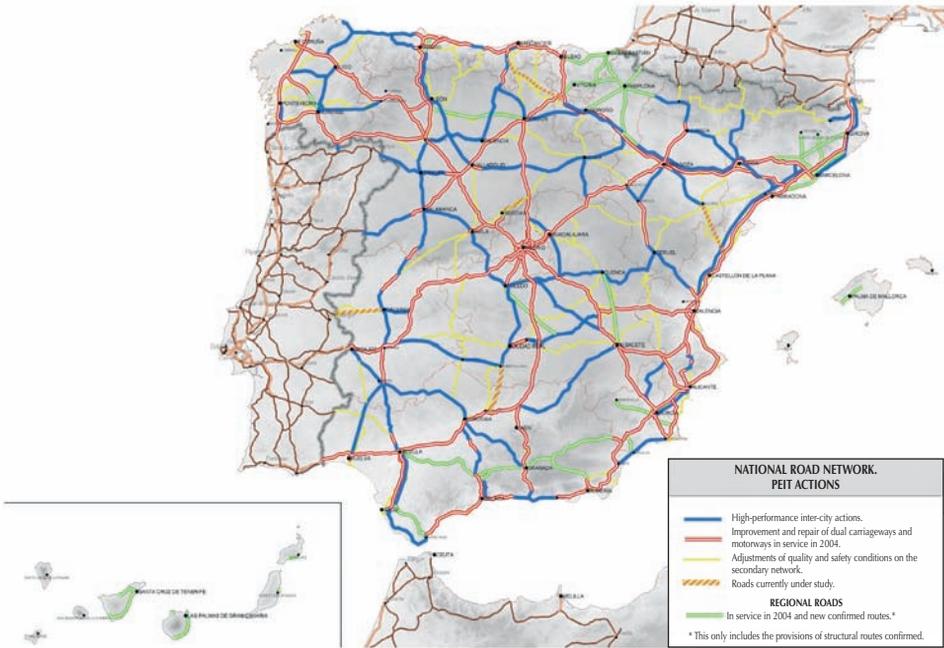
In 2006, goods transport by road accounted for 84.6% of total tons per kilometre of intercity goods transport. International road goods transport has declined; only 26.6% of goods coming into and out of Spain are transported by road.

In Spain, the historical business structure of road goods transport has been characterised by a high level of dispersion. Even today, as of January 2008, 54.6% of companies in the sector have only one vehicle and lack the capacity to develop larger commercial structures; therefore, they have to look for stable, permanent or preferential contracts to obtain loads.

Nevertheless, this atomisation is relative since the vehicles of that 54.6% of companies with just one vehicle only account for 17.7% of the national fleet; 35.8% of companies in the sector have between 2 and 5 vehicles and account for 34.1% of the fleet; and finally, 48.2% of all vehicles belong to the 9.6% of companies with more than 5 vehicles each.

In 2006, road passenger transport accounted for 88.8% of passengers/km (national passenger transport), compared with 5.0% by rail and 5.9% by air, and was significantly higher than in 1985, when this figure was at

NATIONAL ROAD NETWORK. PEIT ACTIONS



86.8%. In 2006, bus transport corresponded to 12.6% of passengers/km (road passenger transport) and 11.2% of the total.

Railway Network

The railway network in service in 2008 is more than 15,000 kilometres long, of which nearly 1,600 km correspond to the high-performance line in UIC gauge running through mainland Spain:

- Madrid - Ciudad Real - Cordoba - Seville/ Malaga line.
- Madrid - Guadalajara - Zaragoza (Huesca) - Lleida - Tarragona - Barcelona line.
- Madrid - Toledo line.
- Madrid - Segovia - Valladolid line.

The two-track electrified system covers 4,366 kilometres and there are another 6,469 kilometres of rails operating on a one-track, non-electrified network.

The railway system is viewed by the PEIT as the best bet for the future of the transport

system, as it aspires to make railways the core element of the inter-modal system of passenger and goods transport. Over 48% of all transport investments are poured into this system.

The PEIT defines an ambitious High-Capacity Network with 10,000 km of track, offering equal coverage nationwide. This is ten times the length of this type of network exist-



The high-speed AVE train.

ing at the beginning of the Plan. After the Plan has been executed, 90% of the population will be within less than 50 km of a high-speed railway station and all the provincial capitals will have access to this service.

The High-Capacity Network envisaged in the PEIT comprises high-speed lines, as required by the European Directive permitting mixed passenger and goods traffic on most sections.

In this sense, the PEIT represents a clear commitment to mixed passenger and freight traffic because it presents a dual opportunity:

- It extends the benefits of the conversion to UIC gauge to goods and not just passenger transport in Spain.
- It allows substantial investments in high-speed railway systems to be used for freight transport and for other conventional passenger traffic.

In terms of the conventional railway network, the PEIT focuses on achieving interoperability of the Spanish network with the European network through gradual, rational and orderly conversion to the UIC gauge.

Although safety levels in rail transport are better than those in other means of transport, safety improvements are also a priority objective and special attention has been paid to block safety systems and eliminating or increasing the safety of level crossings.

Another basic objective of the PEIT railway measures is reinforcing railway freight traffic in order to halt the continual loss of market share of this transport segment.

Seaports and Maritime Transport

The actions envisaged in the PEIT regarding maritime transport and seaports are aimed at achieving the following priority objectives:

- Strengthen the role of ports as nodes of the inter-modal transport system.
- Encourage the transport of freight by sea, in particular by promoting inter-modality with land transport and the development of high-quality international connections: sea highways.
- Promote safer and more environmentally-friendly sea transport.

In this sense, it is important to highlight that the PEIT increases port capacity by 75% through actions for:

- increasing berth lengths by one third.
- increasing land areas by 60%.
- increasing protected waters by 20%.

Another cornerstone objective of the PEIT is to reinforce national and European short-distance sea transport and to develop sea highways with a view to promoting inter-modal alternatives to road freight transport, thus helping to reduce congestion and environmental impact.

Spain and France have issued a call for bids to select one or various sea highways between Spanish and French ports on the Atlantic-English Channel-North Sea route, which will become operational in 2008.

Airports and Air Transport

The Public Business Entity *Aeropuertos Españoles y Navegación Aérea* (AENA) (Spanish Airports and Air Navigation) is currently one of the main forces driving Spain's integration in a globalised economy. AENA plays a key role in the strategic consolidation of air transport infrastructures in our country. It is responsible for helping to improve these infrastructures through a programme of investments envisaged in the 2005-2020 Strategic Infrastructures and Transport Plan (PEIT) of the Ministry of Public Works and Transport, estimated at 15.7 billion euros (6.31% of total PEIT investments).

The main objectives of the PEIT are to improve the effectiveness of the air transport system, enhance social and territorial cohesion, promote sustainability and foster economic development and competitiveness.

The network of airports managed by AENA currently comprises 40 airports and 7 airbases open to civilian traffic, as well as one heliport and 5 Regional Directorates of Air Navigation.

There are also projects underway to create an additional 4 general-interest airports outside the AENA network, and there are 83 smaller airfields (for ultralights and light aircraft) and 41 private heliports, as well as var-

ious flying clubs and flight schools for different types of aeronautical training.

Air transport has made significant strides in Spain in recent years. In 2003, the number of passengers who used Spanish airports was 154 million; in 2007, just four years later, this number had increased by 56 million to a total of 210 million passengers. This represents a 36% increase, with an average annual growth of 9% that is 1.5 points above the average growth recorded in Europe.

This important growth has required large investments and the continuous adaptation of airport and air navigation infrastructures in order to provide the services in demand with the best possible levels of safety and quality.

Between 2004 and 2007, AENA has invested a total of 7,487 million euros in the network of airports it manages. This investment has been made primarily to satisfy the needs of customers and users with quality and safety and to modernise the airport infrastructures and services in an economically efficient and environmentally friendly way.

The primary investment initiatives have been geared towards:

- Expanding the Madrid-Barajas airport, completed in February 2006, and the Barcelona-El Prat airport to consolidate their status as major European hubs.
- Promoting the airports at major tourist destinations, such as Malaga, Alicante, Valencia and the Balearic and Canary Islands.
- Improving security in airline operating capacity, with the launch of 11 new ILS navigation systems and another 11 with better quality and new equipment.

In 2007, 2,153 million euros were invested, and another 2,556 million has been allocated for investment in 2008, which will allow AENA to continue improving the infrastructures of the airports in its network at a strategic moment in time for the development of the air transport industry, and thus ensure its ability to meet the constantly growing demand for air transport.

To gauge the importance of Spanish airports, it is worth noting that four Spanish airports are among Europe's thirty busiest air-

EUROPEAN AIRPORTS 2007

Airport	Passengers	% var. 07/06
London-Heathrow	68,068,554	0.8
Paris-Charles de Gaulle	59,919,383	5.4
Frankfurt	54,161,856	2.6
Madrid-Barajas	52,122,214	14.0
Amsterdam	47,793,602	3.7
London-Gatwick	35,218,399	3.1
Munich	33,959,422	10.4
Rome-Leonardo da Vinci	32,855,542	9.1
Barcelona	32,793,897	9.3
Paris-Orly	26,440,736	3.2
Istanbul-Atatürk	25,561,357	9.9
Milan-Malpensa	23,885,305	9.7
London-Stansted	23,777,194	0.4
Dublin	23,289,417	9.9
Palma, Majorca-		
Son Sant Joan	23,223,963	3.7
Manchester	22,362,050	-1.8
Copenhagen	21,356,134	2.7
Zurich	20,686,986	7.8
Oslo	19,044,011	7.8
Vienna	18,768,468	11.3
Moscow-Domodedovo	18,755,098	22.0
Stockholm-Arlanda	17,968,023	1.7
Brussels	17,838,689	7.0
Düsseldorf	17,831,248	7.5
Athens	16,522,680	9.7
Moscow-Sheremetyevo	14,039,843	10.0
Malaga	13,576,080	4.0
Lisbon-Portela	13,392,131	8.8
Berlin-Tegel	13,357,741	13.1
Helsinki-Vantaa	12,956,754	6.7

Source: ACI for data on non-Spanish airports.
AENA for data on Spanish airports.

ports, and the busiest Spanish airport is Madrid-Barajas, which in 2007 ranked fourth in Europe and tenth worldwide in terms of passenger traffic.

On another note, the Directorate-General of Civil Aviation, which acts as the top aeronautical authority in Spain and operates under the aegis of the Ministry of Public Works, is responsible for supervising the development of air transport in Spain as well as carrying out the legislative and regulatory duties and in-

EVOLUTION OF PASSENGER TRAFFIC IN SPAIN

Year	National	International		Other Traffic (1)		Total
	Total	EU	Non EU	Total	Total	
2003	62.928.063	80.187.185	8.860.255	89.047.440	1.850.840	153.826.343
2004	68.509.068	83.999.680	11.594.156	95.593.835	2.043.295	166.146.198
2005	76.392.077	89.752.654	13.149.818	102.902.472	1.983.192	181.277.741
2006	81.529.720	94.651.638	15.255.514	109.907.152	2.116.306	193.553.178
2007	89.047.025	103.069.943	16.429.339	119.499.282	1.811.652	210.357.959

Source: AENA. (1) Other Traffic: includes transit and other types of traffic (general aviation, airborne work, etc.).

spectations for airports, air navigation, airlines, industry professionals and manufacturers.

In compliance with the instructions of the ICAO and EUROCONTROL that call for member-states to adopt additional air transport security measures, in the first six months of 2008 Spain will launch the State Agency of Air Safety, an entity that will handle all inspections and sanctions related to air safety and the protection of passenger rights.

THE WORKING WORLD

Social agents. Social Harmonisation.

The social dialogue and harmonisation that have played such an important role since the transition. During the 2004-2007 period, this process has resulted in over twenty agreements with the most representative business organisations and workers' unions, which have introduced universal benefits of far-reaching significance. The most prominent include those signed for the improvement of growth and employment, the reform of the Social Security system, the implementation of the Law on Aliens, the drafting of the Law of Dependency, the revaluation of pensions and the minimum wage, the extension of collective bargaining agreements, the solution of conflicts outside the courtroom, the improvement of unemployment safety nets for agricultural workers, ongoing education and the prevention of occupational hazards.

This process of dialogue has paved the way for an unusual period of social peace in which

the number of workers who went on strike has gone down nearly 80% – from 8,560,498 in 2000-2003 to 1,818,233 in 2004-2007.

The most representative social agents in Spain are the Spanish Confederation of Business Organisations (CEOE) and the Spanish Confederation of Small and Medium-Sized Businesses (CEPYME) for business owners, and the Workers' Commissions (CC.OO.) and the General Workers' Union (UGT) for the workers.

Agreement to Improve Growth and Stable Employment

For some time, the Spanish economy has been growing at an annual rate of over 3%. This growth has been accompanied by the constant creation of employment, which is four times higher in Spain than the European average – 3 million new jobs in the last four years. The unemployment rate has fallen nearly 3 points since 2003 to 8.6%, according to the fourth quarter Labour Force Survey, a level that has not been seen in Spain since the 1970s.

In the last two years, a problem that has consistently plagued our job market has been brought to an end – namely, the high seasonality of employment. Until 2006, one of every three jobs (33.8%) was temporary and over half of these temporary employees were young people. In just over one year, this figure has dropped to 30.92%, the lowest level since 1990.

This significant reduction in the precariousness of employment is owing primarily to the Agreement for the Improvement of Growth and Stable Employment, which was signed in

May 2006 and came into effect the following July. This agreement includes all the actors involved in the negotiations: the government, the employers' organisations, the CEOE and CEPYME, and the most representative trade unions, CCOO and UGT. It is the first relevant labour market reform agreement since the Interconfederal Agreement for Stability in Employment of 1997, signed by the employers' organisation and trade unions and later submitted to the government (which did not participate in the drafting process) for presentation to Parliament and to reform the law.

The agreement maintains workers' rights to existing termination indemnities established in agreement with the trade unions and employers' committees in 1997 (compensation equivalent to 12 days' salary under Temporary Employment Agency contracts, 33 days' wages in the case of unfair dismissal under indefinite-term employment contracts, and 45 days in the case of unfair dismissals under other contracts).

The agreement improves upon various workers' rights. For the first time, it introduces a measure to curb the abusive use of consecutive short-term contracts that can be signed for the same job. In the medium term, this measure will ensure that workers automatically become permanent once the ceiling is reached, and will also deter companies from giving workers consecutive temporary employment contracts.

Companies now benefit from a reduction in costs without any added restrictions. Independently of some of the unfair practices described above, such as the abusive use of consecutive fixed-term contracts, there are no measures limiting existing labour flexibility. Employers now pay substantially lower contributions to the Wage Guarantee Fund (FOGASA) (-0.2%) and for unemployment benefit (-0.5%).

It also encourages employers to give workers indefinite-term contracts from the outset. For this purpose, it improves and establishes the programme of incentives for employers to hire workers on an indefinite basis in two ways: by selecting beneficiary groups, extending its application to young people be-

tween ages 16 and 30; and by simplifying the financial aid system, which is extended from two to four years in order to maintain employment, and at the same time it replaces percentages with fixed amounts of bonuses.

As from January 2007, companies no longer receive subsidies for converting temporary employment contracts into indefinite-term contracts. As an exception to this rule, an extraordinary plan has been established for these types of contracts to be converted during the last six months of this year, with larger amounts of bonuses.

Thanks to these measures, 1,087,000 permanent jobs have been created and temporary positions have decreased by 322,000 in barely a year and a half.

The Training for Employment Model

The Professional Training for Employment Agreement of 7 February 2006 aims mainly to provide more and better training to employed and unemployed workers throughout their working lives, improving their skills and adapting them to the needs of companies in order to make them more productive and competitive.

The Agreement primarily seeks to train and find jobs for unemployed people, particularly the long-termed unemployed, women, young people, people over age 45, immigrants and disabled people. It also promotes the accreditation of professional skills acquired by workers through training courses or work experience.

The Economic and Social Council

The Economic and Social Council (CES) is a body which advises the government on socio-economic and labour matters. It is an independently constituted public law entity endowed with full authority and organisational autonomy to carry out its functions. It operates under the aegis of the Ministry of Labour and Social Affairs.

The CES was created by a law passed in 1991 for the purpose of fulfilling the constitutional commitment to reinforce the partici-

pation of economic and social agents in economic and social life, thus reaffirming its role in the development of a social and democratic state governed by the rule of law.

In addition to fulfilling this function, the CES also acts as a permanent institutional platform for dialogue and deliberation, insofar as it is the only body where a broad range of socio-professional organisations are represented. It is also a permanent means of communication between economic and social agents and the government, thus ensuring more fluid relations and mutual collaboration.

The Economic and Social Council has 61 members, including its president, representatives of trade unions, and business organisations representing associations in the agricultural and fishing industries.

The Council of Consumers and Users, associations of cooperatives and worker-owned companies are also represented, and the Council also includes a group of professional experts.

The trade union and business organisation representatives and the representatives of the different sectors are all appointed by the government based on the nominations presented by the corresponding organisations. The experts are appointed by the central government, after consultation with the organisations represented on the Council. These are people with suitable credentials and recognised experience in the socio-economic and labour arena.

The Working Population

Spain's working population reached 22,404,500 in the fourth quarter of 2007, equivalent to an activity rate of 72.84% of the population between ages 16 and 64. The trend in the last twenty years has almost always been upward. The activity rate has risen 10%, which means that twenty years ago the active working population was less than half of the Spanish population.

This trend is also evident among the female population, since 9,528,100 women are now employed, attaining an occupation rate of 62.8%.

In 2007 alone, the working population has increased by 592,000, of whom 310,800 are women.

The activity rate among the foreign population is 75.33%, this situation is explained by the different age demographics of the foreign population residing in Spain.

The number of employed individuals followed the same upward trend in the fourth quarter of 2007, giving a total of 20,476,900. If we compare these figures with the same period in 1986 (11,359,200 employed persons), the huge increase in employment in these years is evident.

The increase in the number of employed women is even more striking, up from 3,296,700 in the fourth quarter of 1986 to 8,479,800 in 2007.

In the last year the working population has increased by 475,100 persons.

Lastly, this trend has also been reflected in the unemployment rate, which has fallen from over twenty percent to 8.6%.

Employment by Sectors

In recent years, the predominance of the service sector has been confirmed. The construction sector has also enjoyed spectacular growth in recent years, although the first symptoms of a slowdown appeared in 2007.

Nearly 1.8 million construction jobs were created between 1986 and 2007 (practically tripling the employment rate in 1986). This past year employment continued to grow, by just over 70,000 workers, but the number of unemployed individuals also grew – from 156,000 in 2006 to 218,000 in 2007. Employment in the agricultural sector has continued its historical downward trend, while industrial employment has experienced moderate growth (18.7%).

The number of workers in the services sector has more than doubled in the last twenty years. This has undoubtedly been the decisive sector in terms of providing employment and is a good example of the changing habits in our country and our economy. The services sector has grown by 129% which, translated

into absolute terms, represents 7,660,600 people. More specifically, the restaurant industry employed an additional 856,400 people, increasing its workforce by 144.1%.

During the same period, the construction sector has achieved an absolute variation of 1,773,300 jobs – an increase of 192.7%. This sector's expansion is owing to various factors, including a significant influx of immigrants (particularly since 2000) and an accelerated process of price increases in conjunction with consistent demand favoured by low interest rates. This process appears to have run its course, and international financial difficulties are affecting the current slowdown.

The sharpest declines in employment have been experienced in agriculture, livestock farming and hunting, where 728,800 jobs have been eliminated over the last twenty years. Employment in the textiles, footwear and rubber and plastics industries has fallen by a combined total of 254,900 (42.0%).

THE ROLE OF IMMIGRANTS IN THE ECONOMY

The Impact of Immigration on the Spanish Economy

Immigration is a positive phenomenon that has radically altered the face of Spanish society in recent years. In a short period of time, we have seen the number of work and/ or residence permits jump from 500,000 to 3,979,014, according to the latest data published in December 2007.

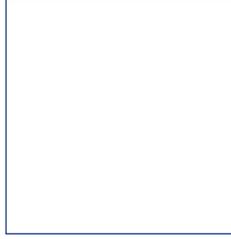
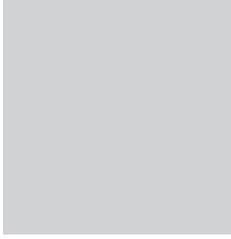
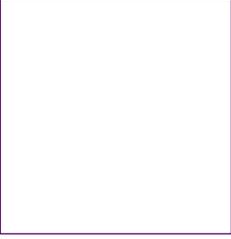
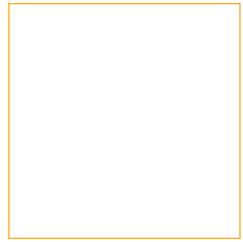
Sustained economic growth and a burgeoning job market in constant expansion, combined with the strategic geographic location of our country, are the main reasons why Spain is an attractive destination for immigrants arriving from points abroad. Based on an awareness that migratory movements will exist as long as there are great gaps between rich and poor nations, the Spanish government will continue to prioritise an immigration policy focused on controlling migratory flows, fighting illegal immigration and achieving the social integration of immigrants.

The increase in the number of foreign workers registered with the Social Security system as a result of the Regularisation Process carried out by José Luis Rodríguez Zapatero's administration in 2005 – nearly 600,000 foreigners emerged from the informal economy – has continued over the last three years. In February 2008, the number of foreign Social Security contributors was already over 2 million.

Various recently published studies reveal the positive effects of immigration on Spain's economic growth. In this respect, three particularly relevant reports are those presented by Caixa Cataluña, BBVA and the Economic Unit of the Spanish Prime Minister's Office. In the latter study, entitled "Immigration and the Spanish economy, 1996-2006," the Spanish executive highlights the effect of immigration on economic growth and describes it as generally positive. According to this report, 30% of the Gross Domestic Product of the last decade can be attributed to the immigration process, and the percentage jumps to 50% if analysis is limited to the last five years.

It is clear that the migratory phenomenon poses significant challenges to advanced societies such as Spain, where the influx of immigrants has taken place over a relatively short period of time. Since 2004, when the new Immigration Regulations were approved, the arrival of immigrants has been conditional upon the labour market's absorption capacity. Thanks to the administration's emphasis on obtaining employment contracts in their countries of origin, a total of 204,000 immigrants came to Spain in 2006 and another 230,000 in 2007.

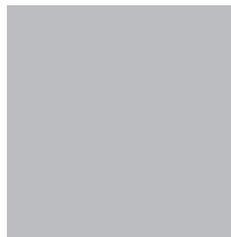
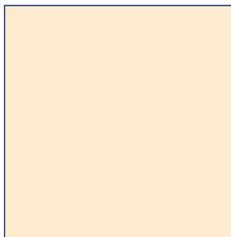
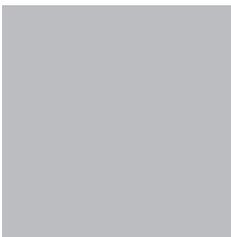
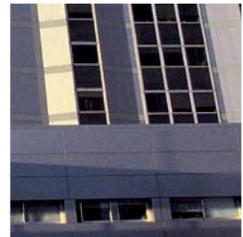
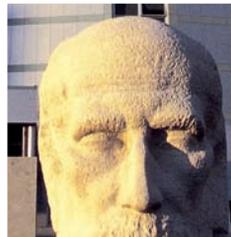
The agreements that the government reached with corporate interest groups and workers' unions as well as political and social organisations in order to approve the Immigration Regulations at the beginning of the legislature have been consolidated at the end of the same. In this context, the Office of the Secretary of State for Immigration and Emigration within the Ministry of Labour and Social Affairs has obtained the backing of CEOE, CEPYME, UGT and CCOO for its four years of immigration policy.



CHAPTER VIII



HEALTH CARE
AND THE SOCIAL
WELFARE SYSTEM



HEALTH CARE

Introduction

The Spanish Constitution specifically recognises the right of all citizens to effective health protection and to equal, efficient and quality health care. These rights are established in Articles 41, 43, 49 and 51 of the Constitution and represent a huge step forward socially since they recognise the right to health care as a public, objective, personal and non-contributory right, and guarantee both equality in terms of the contents of this right for each citizen, without any type of discrimination, and equal access to the material contents of this service.

As envisaged in the Constitution, the devolution to the autonomous regions of competencies in the area of health and hygiene (public health) started in 1979 and continued in the following years. Health care powers have now been transferred to all the autonomous regions and the autonomous city of Ceuta; the Autonomous City of Melilla is still under the responsibility of the central administration. The decentralisation of administrative health care began in 1981 with the devolution of powers in this area to the autonomous region of Catalonia, and was later extended first to Andalusia, the Basque Country, the autonomous region of Valencia, Galicia, Navarre and the Canary Islands between 1984 and 1994, and then to the remaining regions. The process was completed in January 2002.

The devolution of health care competencies to the autonomous regions is a means of bringing the management of health care closer to citizens. Practical experience of relations between the state and the auto-

nous regions in the area of health protection provide important references for the development of cohesion in the State of Autonomous Regions. All parties involved are working to achieve a common identity for the National Health System, based on the constitutional principles of unity, autonomy and solidarity underpinning the State of Autonomous Regions.

In today's context of total decentralisation in health matters, with the autonomous regions determining how health services should be organised and offered, the Ministry of Health and Consumer Affairs has taken on a more supervisory role in the National Health System and is responsible for drawing up overall strategies for equity, quality and efficiency, acting as a basic tool for cooperation to facilitate regional initiatives. The only health management powers it holds are for Ceuta and Melilla and these are exercised through the National Health Management Institute.

Nevertheless, the national government is still exclusively responsible for the following areas of health care: health care abroad, the basic functions and general coordination of health care, legislation governing pharmaceutical products, Social Security's basic legislation and financial system, the development and general coordination of scientific and technical research, and the obtainment, issuance and approval of academic and professional qualification certificates (university education and specialised training).

The National Health System

The Spanish Parliament approved the General Health Law on 14 April 1986. As established in Article One of this law, its specific aim is to regulate all actions that enable the effective application of the constitutional right to health care. The law created a National Health System of universal coverage, integrating public and private services and finance, preferably funded by the general national budget, and encompassing all cen-

tral administration and autonomous region health services.

The General Health Law constituted an important landmark in the transformation of health care in Spain because it integrated all existing public health care resources in a single regulation, based on Social Security resources, and integrated health promotion and disease prevention policies and activities as well as medical and pharmaceutical services.

After the devolution of health care competencies to all the autonomous regions, the regulatory framework was completed with Law 16/2003 of 28 May on Cohesion and Quality in the National Health System. This law deals with the coordination and cooperation responsibilities of Public Health Administrations as a means for guaranteeing citizens' rights to health care, for the purpose of ensuring equal access to quality health care and citizen participation.

Coordination in the National Health System

The Inter-Territorial Board of the Spanish National Health System (CISNS) is the standing body for coordination, cooperation, communication and information among Health Departments in the autonomous regions and between them and the national administration. It aims to promote cohesion within the National Health

System by fully protecting citizens' rights throughout the Spanish territory. The CISNS comprises the Minister of Health and Consumer Affairs and the Regional Ministers of Health in the autonomous regions. Representatives from the autonomous cities of Ceuta and Melilla also joined this organisation as observers in February 1997, and in April 1999 Ceuta became a full member.

The Under Secretary of Health and Consumer Affairs and the Director-General for Cohesion of the National Health System and Senior Inspectorate can also attend plenary meetings and take part in the discussions, but they are not allowed to vote. The Inter-Territorial Board is chaired by the Minister of Health and Consumer Affairs. The Deputy Chair is held by one of the Autonomous Community Ministers of Health who is elected by the members. The CISNS functions in plenum, with a Delegate Commission, Technical Committees and Working Groups. The Board's agreements are expressed as official recommendations that are approved, when appropriate, by consensus.

Organisation

As provided in the General Health Law, the different autonomous regions have passed their own laws regulating health services; this legislation, while upholding the basic principles of the General Health Law, de-



Ramón y Cajal Hospital,
Madrid.

termine the structural organisation of their respective resources and Regional Health Services. To a greater or lesser extent, the health service of each region integrates all of its public health services and centres into a single body responsible for managing all public health care services in each region. Each health service depends, in turn, on the corresponding health department (*Consejería de Sanidad*) of the regional government. Guidelines and regulations on funding, planning and public health within the community's own geographical area are their responsibility.

The NHS is organised in line with its basic principles. Since it aims to provide universal support based on the principle of solidarity, it has to ensure equal access to services for all citizens. Since it is financed with public funds, spending must be based on efficiency criteria. The System is therefore organised at two care levels or environments in which accessibility and technological complexity are inversely related.

The first level – Primary Health Care – is characterised by extensive accessibility and sufficient technical resources to resolve the most frequent health problems. The second level – Specialised Health Care – has more complex and costly diagnostic and/or therapeutic resources which must be concentrated in order to be efficient. Access is gained by referral from Primary Health Care.

Primary Health Care aims to provide basic services within a 15-minute radius from any place of residence. The main facilities are Primary Care Centres which are staffed by multi-disciplinary teams comprising general practitioners, paediatricians, nurses and administrative staff and, in some cases, social workers, midwives and physiotherapists. Since this kind of care is located within the community, it also offers health awareness campaigns and preventive health care. Maximum accessibility and equity means that Primary Health Care can also be provided via house calls when necessary.

Specialised Care is given in Specialised Health Centres and Hospitals for both inpatients and outpatients. Once the service has been completed, the patient is referred back to the Primary Health Care doctor who uses the full medical history as a basis for subsequent treatment and overall care. This means that continued care is given in equitable conditions, irrespective of the place of residence and individual circumstances, and care can be given at the patient's home if necessary.

Within this organisational framework, each autonomous region establishes its own Health Areas according to demographic and geographic criteria aiming, above all, to guarantee service proximity for users. Each Health Area covers a population between 200,000 and 250,000 inhabitants. Nevertheless, the specific characteristics of each territory mean that this is only a guideline. The health areas are, in turn, subdivided into Basic Health Zones, which are the territorial framework for Primary Health Care centre operations. The locations of these centres are determined by the degree of demographic concentration, the population's epidemic history and local resources. Each zone covers a population ranging from 5,000 to 25,000 inhabitants. Each Health Area has a general hospital for Specialised Care. In some Health Departments there are intermediate division between the Health Area and the Basic Health Zone.

Services Covered by the National Health System

The services offered by the Spanish National Health System include preventive care, diagnostics, therapeutics, rehabilitation and health promotion and maintenance.

Primary Health Care covers general and paediatric health care services, as well as preventive care, health promotion, health education and rehabilitation programmes. These services are rendered by Primary Health Care teams according

to their “portfolio of services” planned according to the health care needs of the local population (care for women, children, adults and elderly people, oral and dental health, care for terminal patients, mental health care).

Specialised Health Care covers outpatient and inpatient care, and offers all medical and surgical specialities in acute and chronic relapse cases. Emergency care and emergency medical services are available around the clock.

Access to Primary, Specialised and Emergency Health Care is free. Pharmaceutical drugs are co-financed by users, who cover part of the price of pharmaceutical products – 40% in the case of active workers. Pensioners and people with chronic illnesses do not have to pay for prescription drugs. This distribution of expenditure also depends on the type of medication. In the case of drugs for the treatment of chronic diseases, users pay only 10% of the cost with a ceiling of 2.69 euros (e.g. AIDS treatments). However, prescription drugs for inpatients or specialised care patients are not co-financed. For historical reasons, civil servants are covered by publicly financed mutual funds (Mutual Fund for State Civil Servants or MUFACE, the Social Institute for the Armed Forces or ISFAS and the General Legal Mutual Company or MUGEJU for staff working for the judiciary) under which they contribute to pharmaceutical expenditure in a different way (co-payments of 30% of the cost of medication for active workers and pensioners).

Most drugs authorised in Spain are eligible for pharmaceutical services. Only advertised, cosmetic and beauty products are

excluded. There is a list of non-financed products that includes drugs with low therapeutic usefulness/effectiveness. The Spanish Medicine Agency (linked to the Ministry of Health and Consumer Affairs) is responsible for evaluating medical products for registration and authorisation purposes. Pharmaceutical services at the primary care level are rendered by chemists. Chemist opening licenses, opening times or inspections are the responsibility of the autonomous regions.

The Public Health System provides complementary benefits such as orthopaedic and prosthetic services, emergency and scheduled health care transportation, complex diets and at-home oxygen therapy.

National Health System Resources and Activities

The National Health System has 2,878 Health Centres. There are also medical centres in small towns to which staff from the zone’s primary care centre travel in order to provide basic services to the local population. These are mostly in rural areas, which tend to have a high proportion of elderly patients.

The National Health System also has 316 public hospitals with 106,632 beds. There are also 20 hospital establishments owned by Mutual Funds for Occupational Health and Safety, as well as 452 private hospitals in which 40% of discharges are for patients whose hospital care was arranged and financed by the NHS.

Spain has 130,359 hospital beds for patients with acute pathologies, of which 71.6% belong to the National System of

HEALTH CENTRES, HOSPITALS, BEDS AND PHARMACIES

Year 2007	Total	Total per 100,000 inhab.	% Public
Health centres ¹	2,878	6.36	100.00
Hospitals	788	1.77	42.65
Beds installed	159,671	353.25	66.78
Pharmacies ¹	20,741	45.88	—

¹ Year 2008

Sources: Health Centres, Ministry of Health and Consumer Affairs, Regional Health Services; Hospitals and Beds: Ministry of Health and Consumer Affairs, National Catalogue of Hospitals; Pharmacies: General Council of Pharmaceutical Associations.

HOSPITALS ACCORDING TO TYPE OF HEALTH CARE

Year 2007		Total	Total per 100,000 inhab.	% Public
General Health Care	Hospitals	476	1.1	44.7
Mental Health Care	Hospitals	89	0.2	34.8
Geriatric Health Care	Hospitals	113	0.2	30.2

Source: Ministry of Health and Consumer Affairs. National Catalogue of Hospitals.

LICENSED HEALTH PROFESSIONALS

	Total Professionals year 2006	% of women	Professionals per 1,000 inhab. year 1995	Professionals per 1,000 inhab. year 2006
Doctors	203.091	42.86	4.1	4.49
Odontologists and Stomatologists	23.300	41.93	0.4	0.51
Pharmacists	60.581	69.81	1.1	1.34
Veterinarians	26.502	37.77	0.5	0.58
Nurses	237.050	82.7	4.4	5.24

Source: Spanish Statistical Institute. Licensed Health Professionals.

Health. Approximately 38% of the 16,060 beds available for psychiatric care and 39.5% of the 13,252 for geriatric and long-term patients also belong to the NHS.

There are more than half a million people in Spain working in the health sector that are qualified and registered with a professional association. The largest group is that of nurses, which also contains the highest proportion of women. A total of more than 445,000 staff members provide services in the National Health System – 20% in Primary Care and 80% in Specialised Care.

In Primary Care, over 300 million consultations were given in 2003, with a rate of 7.4 annual consultations per inhabitant. In Specialised Care, more than 3.8 million hospital discharges were financed in the same year by the NHS. Some 60 million consultations are given by different medical specialists, 18.3 million emergency cases are seen and 2.9 million surgical interventions are made each year.

Spanish hospitals are some of the best in the world with regard to organ and tissue transplants, which are performed at special-

ly accredited centres. Organ donation requires the donor's consent. The technological resources provided by health centres and hospitals are on a par with those offered in the most advanced countries, granting Spanish citizens access to top-quality health care. State-of-the-art technology (Computerized Axial Tomography, Magnetic Resonance Imaging, Gamma Chambers and Particle Accelerators) is installed according to criteria of need and usefulness.

Funding and Public Health Expenditure

The National Health System was originally funded by Social Security contributions and this was the main source of health-care funds until 1995. However, a series of changes were introduced with the General State Budget Appropriation Law which came into effect on 1 January 1999. Since then, all funds to finance health care come from the national government's budget. Health care in Spain is therefore a non-contributory benefit paid for through taxation. Since 2002, it has been included in the general budget for each

**ACTIVITY IN SPECIALISED CARE AND PERCENTAGE FINANCED
BY THE NATIONAL HEALTH SYSTEM**

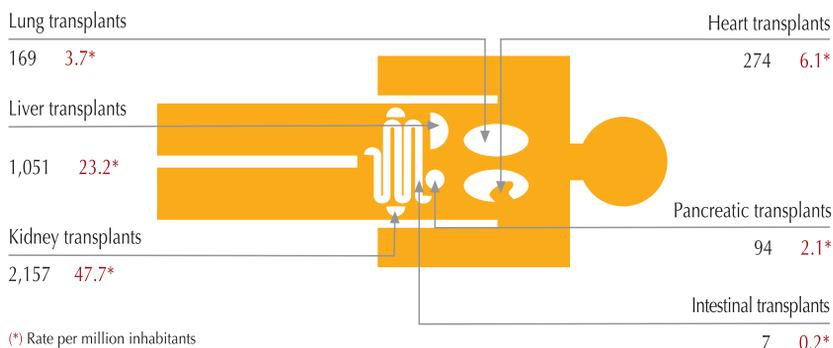
	Year 1994	Year 2003	
		Total	% NHS (*)
Hospitalisation			
Discharges (thousands)	4,181.8	5,097.1	67.8
Discharges per 1,000 inhabitants	106.8	112.7	
Average stay (days)	10.5	8.5	
Consultations			
Consultations (thousands)	39,454.2	71,658.4	81.7
Consultations per 1,000 inhabitants	1,007.4	1,585.3	
Emergencies			
Emergencies (thousands)	15,277.6	24,395.8	73.0
Emergencies per 1,000 inhabitants	390.1	539.7	
Average stay (days)	10.5	8.7	
Surgery			
Surgical operations (thousands)	2,677.0	4,221.9	73.2
% with hospitalisation	---	51.8	
% with Major Outpatient Surgery	---	18.6	
Other outpatient surgery	---	24.6	
Surgical operations per 1,000 inhabitants	68.3	93.4	
Obstetrics			
Births (thousands)	371.2	463.2	74.0
Caesareans	17.7	25.2	

*Percentage of activity financed by the National Health System.

Source: Ministry of Health and Consumer Affairs. Statistics of Health Facilities with Inpatient Services.

TRANSPLANTS

Year 2006



Source: Ministry of Health and Consumer Affairs. National Transplant Organisation.

HEALTH EXPENDITURE IN MILLIONS OF EUROS

Years	Total health expenditure	Public health expenditure	Private health expenditure
1990	20,842.0	16,412.8	4,429.2
1995	33,386.8	24,124.8	9,262.0
2000	45,568.8	32,672.8	12,896.0
2001	49,405.1	35,213.1	14,192.0
2002	53,126.6	37,947.6	15,179.0
2005	73,022.8	51,116.5	21,906.3

Source: Ministry of Health and Consumer Affairs. Public Health Expenditure Statistics. Spanish Statistical Institute.

autonomous region. Two additional funds have been created. The first is the Cohesion Fund, managed by the Ministry of Health and Consumer Affairs, which finances health care received by patients outside their region of residence, as well as care provided to foreigners on temporary stays in Spain in order guarantee equity in access to health care services throughout Spain, regardless of their place of residence. The second is the Savings Programme for Temporary Incapacity, which finances the adoption of programmes and measures aimed at controlling expenditure relating to temporary incapacity.

Data for 2005 set public health expenditure in Spain at 51,116.50 million euros, which represents 5.5% of GDP. Private health spending represents approximately 2.2% of GDP. Health expenditure is the largest expense item in the budget after pensions, accounting on average for more than one-third of regional expenditure.

Hospital and specialised services account for the largest percentage of expenditure, followed by pharmaceutical services and primary health care.

Citizens and the Health Care System

The Spanish health system covers practically all Spanish citizens and residents who have acquired the right to health care by virtue of bilateral agreements. Law 8/2000 of 22 December on the Rights and Freedoms of Foreign Nationals living in Spain guarantees the right to health care for foreigners

registered in the municipal census in the same conditions as Spaniards, as well as for minors under 18. Pregnant foreign women are entitled to health care during pregnancy, childbirth and postpartum. It also establishes foreigners' right to receive emergency health care, irrespective of their legal status. The public health system does not establish times limits, grace periods or any other requirements for access and these services are similar to those offered by most European countries.

The rights and obligations of citizens in relation to public health are established in the General Health Law (Article 10) and are aimed at ensuring their right to equal access to high-quality and efficient health care and respect for the principles of autonomy and freedom. Law 41/2002 of 14 November, which regulates the patient's autonomy and rights and obligations regarding health documentation and information, requires Health Services to inform citizens of all their rights and obligations. This obligation covers both the rights and obligations included in basic national legislation and those established in the corresponding regional regulations. One of the primary and most noteworthy consequences of this basic law is that it is the first to guarantee the right of all citizens to request a second medical opinion. Another new aspect introduced by this law, affecting its implementation at the regional level, is related to the regulation of "living wills" and informed consent.

All Spanish health system activities revolve around citizens and regular surveys are carried out to gauge user satisfaction with the system. Results show that citizens are generally very satisfied with the way the public health system works.

Thus, while two-thirds of the population consider that the National Health System works well, less than 5% consider it should be completely reorganised. 25% consider that substantial improvements are required.

The good results of the health system are also reflected in the excellent health indicators of the Spanish population. Average life expectancy at birth in Spain is 79.7 years, above the EU average (78.3 years). Spain is the country with the third highest life expectancy in the EU after Italy and Sweden. Spain has the fifth lowest figure in the EU for child mortality, with 4.1 child deaths for every 1,000 live births.

Future Challenges of the National Health System

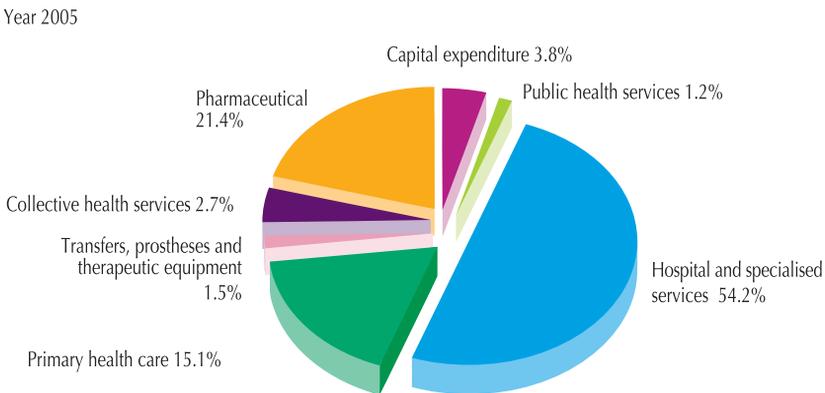
The Spanish National Health System, like health systems in neighbouring developed countries, faces the challenge of having to improve the quality of services offered to citizens without undermining the sustainability

of the existing health care model. The ageing of the population, which is having a strong impact on the way treatment is provided and on the consumption of health services, coupled with the appearance of new diagnostic and treatment technologies and greater citizen health care demands, account for the significant rise in spending. This has necessitated the introduction of policies for improving health care efficiency and effectiveness.

The strategic actions included in the current health policies of both the Ministry of Health and Consumer Affairs and the autonomous regions aim to improve the population's health and consolidate and improve the quality of the National Health System, since this is a key component of the modern "Welfare State". These include the following actions:

- Promotion of preventive care and health protection and promotion policies.
- Promotion of basic and applied health research.
- Improvement of the management of health organisations, encouraging greater integration between different health care levels and the extension of clinical management, case management and evidence-based medicine.
- Streamlining of pharmaceutical services.

PUBLIC HEALTH EXPENDITURE: BREAKDOWN BY FUNCTIONAL CLASSIFICATION



Source: Ministry of Health and Consumer Affairs. Public Health Expenditure Statistics.

SATISFACTION WITH THE HEALTH SYSTEM: DISTRIBUTION ACCORDING TO PERCENTAGE OF OPINION

	Year 1995	Year 2005	% variation
Generally works fairly well	20.7	21.3	2.9
Works well but needs improvements	40.6	47.8	17.7
Needs substantial improvements	28.2	25	-11.3
So bad it needs to be completely reorganised	9.6	4.7	-51.0
Not applicable/ No answer	0.9	1.2	33.3

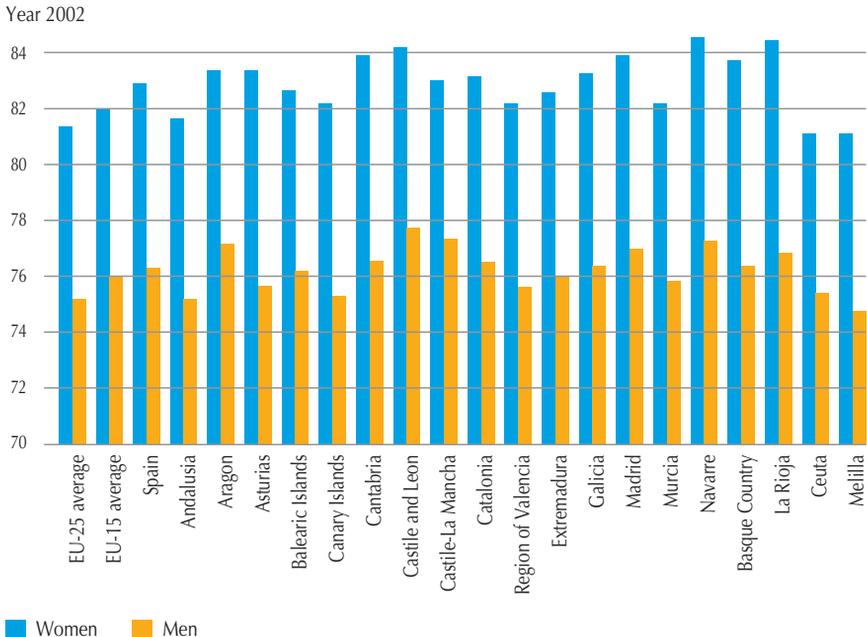
- Introduction of criteria for evaluating diagnostic and therapeutic technologies and procedures to guarantee patient safety, excellence in clinical practice and efficient use of resources.

- Development of new communication technologies for using with the health card, electronic prescriptions, medical appointments via Internet and electronic clinical records; these improvements will bring the health system closer to citizens and speed up and modernise health-care administration.

Consumer Protection

Public authorities have been entrusted with consumer protection since the introduction of the Spanish Constitution. Organic Law 9/92 of 23 December completed the process of handing over practically all consumer protection competencies to the autonomous regions. However, the central government is responsible for promoting the necessary co-operation instruments and for designing overall consumer protection policies, with

LIFE-EXPECTANCY AT BIRTH BY SEX IN THE EUROPEAN UNION AND SPAIN



INFANT MORTALITY PER 1,000 LIVE BIRTHS

	Year 1980	Year 2002	Girls (2002)	Boys (2002)
EU-25	13.2	5.0	4.5	5.4
EU-15	12.4	4.6	4.1	5.1
Spain	12.3	4.1	3.7	4.6

Source: WHO European Health for All Database (HFA-DB). June 2005.

the participation of all the different public and private partners, as well as for producing regulations on aspects specifically established as the exclusive competency of the state by the Constitution – basically Civil, Mercantile and Procedural Law – and for helping to elaborate EU regulations and transpose them to Spanish law.

To guarantee equal rights and obligations among Spanish citizens, as established in the Constitution, different cooperation instruments have been developed. One such tool is the Consumer Sectorial Conference, which defines common consumer affairs policies to be implemented by the central government and the autonomous regions, and its executive body, the Consumer Cooperation Commission.

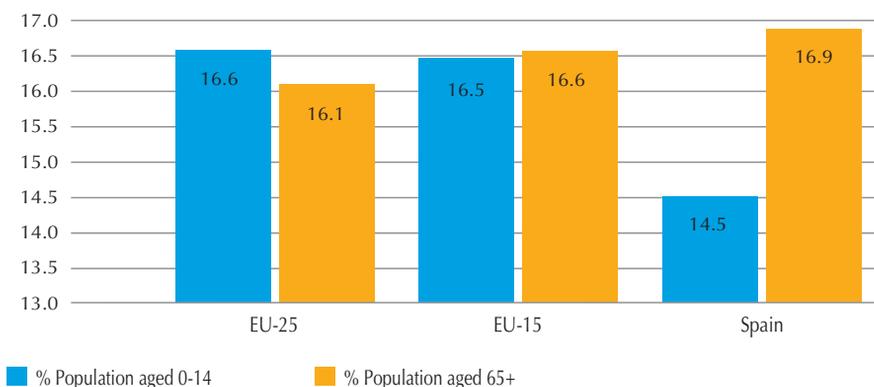
At the state level, the National Consumer Affairs Institute (INC), an independent organisation belonging to the Ministry of Health and Consumer Affairs, is responsible for implementing Article 51 of the

Constitution. Its objective is to monitor compliance with consumer and user rights, as well as to protect their safety, health and legitimate economic interests. It carries out different activities to achieve these objectives, including market control to foster market unity and equal protection of consumer rights throughout the country. These activities aim to guarantee the quality and safety of goods and services offered to consumers. Analytical control studies are performed by the Research and Quality Control Centre, formed by a group of laboratories which carry out analyses and tests on products sold in Spain to check if they comply with applicable regulations.

The safety of user and consumer products is one of the main objectives of consumer protection. The Warning Network system is extremely useful in this area since it allows all EU Member States to exchange information on unsafe products. The network is man-

STRUCTURE OF THE POPULATION BY AGE GROUPS

Year 2003



Source: WHO European Health for All Database (HFA-DB). June 2005.

aged by the Directorate-General of Health and Consumer Protection, and in Spain by the National Consumer Affairs Institute.

The National Consumer Affairs Institute also has a Centre for Consumer Information and Documentation (CIDOC) which prepares and disseminates information to consumers, organisations and administrations responsible for protecting consumer rights. General information on the INC, with details of the main areas of activity of this organisation, can be found on the web page www.consumo-inc.es. This information is aimed at users specialised in consumer affairs as well as the general public, who can find basic informative data (Consumer Guide) that is often classified by areas of interest (housing, telecommunications, holidays, guarantees, etc.).

The most important training activity undertaken by the National Consumer Affairs Institute is the Training Plan for Consumer Affairs Professionals, approved by the Consumer Sectorial Conference, and aimed mainly at professionals working for different public consumer affairs departments and Consumer Protection Associations. This plan provides up-to-date, multidisciplinary training for consumer protection professionals.

The National Consumer Protection Institute also implements, develops and disseminates information on the Arbitral Consumer Protection System, a rapid, effective and easy-to-use extrajudicial procedure for resolving consumer-related conflicts.

The most representative consumer protection association in Spain is the National Consumers and Users Council. It is a nationwide representative and consultative body for consumers and users which acts on behalf of consumers and users before the central government and other state institutions and organisations.

EU citizens can acquire goods and services in any country in the Union. The Support Network formed by the European Consumer Protection Centres guarantee European consumers the same protection and quality of information, assistance and

support as they would receive in their own countries. This network was created following a European Commission initiative to inform, help and support European consumers in the presentation of cross-border complaints and claims.

SOCIAL SECURITY AND THE SOCIAL WELFARE SYSTEM

The origins of social welfare policy date back to the Commission for Social Reform (1883), which was set up to study and promote the advancement and well-being of the working class. The first social security law was the Law on Occupational Accidents, introduced in 1990. The National Welfare System Institute was created in 1908; this institute integrated Spanish savings banks which managed the different social security insurance schemes.

Subsequent social security mechanisms included, most notably, the Workers Retirement System (1919), Obligatory Maternity-Leave Insurance (1923), Compulsory Unemployment Insurance (1931), Medical Insurance (1942) and Obligatory Old-Age and Disability Insurance (SOVI) (1947). It soon became clear that the coverage provided by these social security systems was insufficient, prompting the introduction of other welfare mechanisms through the Labour Mutual Funds. These were organised by sectors and aimed to complement existing welfare. Given the multiplicity of Mutual Funds, this welfare system led to discrimination among the working population, produced financial imbalances and made rational and efficient administration very difficult.

The Basic Social Security Law was introduced in 1963. Its main objective was the implementation of a unitary and integrated social welfare model, based on the distribution of funds, public administration and state participation in funding. In spite of this declaration of principles, many of which

were established in the General Social Security Law of 1966 that came into force on 1 January 1967, old contribution systems still existed that failed to take into account the real wages of workers and were not revised on a regular basis, and the principle of unity was not established due to the large number of overlapping organisations.

The 1972 Law on Funding and Improvement of Social Welfare was introduced to correct existing financial problems but it ended up aggravating these by increasing the number of social protection activities without defining the resources necessary to fund them. It was therefore not until the arrival of democracy in Spain and the introduction of the Spanish Constitution that a series of reforms were introduced in the different areas of the Social Security system.

Indeed, Article 41 of the Constitution requires “public authorities to maintain a public Social Security system for all citizens, guaranteeing care and sufficient social benefits in situations of need, particularly in the case of unemployment, when care and complementary services will be provided free of charge”.

The first major reform came with the publication of the Royal Decree Law 36/1978, of 16 November. In accordance with the Moncloa Pacts, it created a system of institutional participation of social partners to promote the transparency and streamlining of the Social Security system, as well as the establishment of a new administration system comprising the following bodies:

- National Institute for Social Security: this body manages and administers benefits available under the Social Security System.
- The National Health Institute: this institute manages and administers health services (it later changed its name to National Institute of Health Administration).
- National Social Services Institute: this body manages and administers social services (it later changed its name to the Institute for the Elderly and Social Services -IM-SERSO).

- The Social Insurance Institute for the Merchant Navy, which manages the benefits available under the Social Security Scheme for Seamen.

- The Treasury General of Social Security, the only institution in the system that operates on the basis of financial solidarity.

A series of measures were introduced in the 1980s to improve and perfect welfare services by providing broader-reaching benefits to unprotected communities and greater economic stability to the Social Security system. Noteworthy measures included the gradual alignment of contributions with real wages, pension revaluations based on variations in the consumer price index, the extension of obligatory contribution periods for claiming benefit and calculating pensions, the simplification of the structure of the Social Security system and the first measures to separate funding functions to finance contributory benefits with social security contributions while non-contributory benefits would be financed by general funds. This process enabled the gradual generalisation of health services. The Computer Technology Department of the Social Security was also set up in the eighties to coordinate and control IT and data processing services for the different managing bodies.

The 1990s brought a wide range of different social changes that had a strong impact on the Social Security system, including changes and greater mobility within the labour market and the greater incorporation of women in the workplace, prompting the need to adapt social security protection to meet new needs.

The implementation of the non-contributory benefits, the streamlining of Social Security legislation (through the new Revised Text of 1994), the greater alignment between benefits and previous contributions exemptions, the creation of the Social Security Reserve Fund, the introduction of flexible retirement mechanisms and incentives for extending working life and measures to improve protection for persons on

lower pensions are just some of the examples of the changes introduced after 1990 in the area of Social Security.

In the last four years, the pact between generations represented by the public pensions system has provided additional support to persons on the lowest pensions: minimum pensions have increased between 26% and 33%. More than three million people have recovered purchasing power they had lost in the past. Therefore, the goal set four years ago has been achieved.

More than eight million pensions are paid every month in Spain, the average pension being 809.82 euros, significantly higher than the average pension of 267.23 euros in 1990.

Minimum pensions have also multiplied in recent years. For example, the minimum retirement pension for married persons has increased from 195.69 euros in 1986 to 658.75 euros twenty-two years later. The minimum widow's pension for people aged over 65 in 1986 was 136.43 euros and in 2008 it stands at 528.55 euros.

However, all this progress in social welfare would have been impossible without the positive evolution of employment and, consequently, the number of people affiliated with the Social Security System, which has beaten records on a month-to-month basis over the last two years, increasing by three million since 2002 to the current figure of 19.2 million. The number of women registered with Social Security has grown by over 1.4 million, compared with the 1.3 million men registered. Women have therefore driven this increase in Social Security registration.

The regulation of immigrants in 2005 has also contributed to this spectacular increase in social security affiliates, resulting in almost six hundred thousand new members.

Unemployment Protection

The unemployment protection scheme provides benefits to replace wages no longer

received by workers who are legally unemployed (totally or partially) and guarantees a minimum subsistence level by means of unemployment benefits. Furthermore, the unemployment protection system provides for a number of specific training, specialisation, guidance, retraining and workforce integration measures for unemployed workers, intermediation in the labour market and other actions to promote stable employment.

The system is divided into two levels of protection: contributory unemployment benefit, whereby benefit are provided according to the base and period of previous contribution by the worker's basic wage and the welfare level, which provides benefit to unemployed persons who fulfil certain requirements.

Unemployment fell in the second quarter of 2006 to 1,837,000, down 107,700 people from the previous year. The unemployment rate has therefore dropped to 8.53%, which is quite close to the EU average.

Social Agreements

In April 1995, the Congress of Representatives unanimously approved the "Report of the Committee for the analysis of the structural problems of the Social Security System and of the main reforms that must be undertaken", a document informally known as the "Toledo Agreement". The report was approved with the consensus of all the political parties and supported by all social partners. This Agreement introduced important changes and established a road map to guarantee the financial stability and future benefits of the Social Security System.

The Toledo Agreement is still in force and the scope of its recommendations means that it can be continually adapted to changes in the economy. The implementation of its recommendations has considerably improved the situation regarding social protection, from a deficit scenario to a continual surplus, enabling the creation of a Social

Security Reserve Fund, which already contains more than 50,000 million euros after the last contribution in February 2008. In the last year alone, the Reserve Fund has grown by 27.42%.

The government has also adopted a dynamic approach based on a policy of agreements with social agents to change the economic and welfare model. This process started in July 2004 with the Declaration for Social Dialogue signed between the government and social interlocutors at the Moncloa Palace. This Declaration established the Agreement on Competitiveness, Stable Employment and Social Cohesion. Since then, more than fifteen agreements have been signed with social agents, including, most notably, agreements on the development of the Immigration Law, the extension of collective labour agreements, extrajudicial dispute resolution, on-going training, occupational health and safety, improved protection of unemployed agricultural workers and the promotion of the National System for Dependent People. The most important agreements signed recently include the Agreement for the Improvement of Growth and Employment (9 May 2006) and the Agreement on Social Security Measures (13 July 2006).

This last major agreement led to the bill, subsequently enacted as a law, of Social Security Measures, the most important legislative action taken during the legislature in this area given that it affects all of the system's benefits and safeguards the present and future of state pensions by maintaining a balance between improving benefits, guaranteeing the system's financial health and increasing equality, while adapting to social changes.

The Social Security Administration began 2008 with a battery of reforms and incentives that guarantee the future of pensions: the aforementioned Law of Social Security Measures, plus the Self-Employed Workers' Statute and the Law of Self-Employed Agricultural Workers under the Special Self-Employed Workers' Scheme.

Social Services: Other Benefits

Since the 1980s, social services competencies have gradually been decentralised and transferred to regional governments and town councils. This has brought social services closer to citizens. Nevertheless, the Spanish Government is still responsible for regulating social services. This is a priority for the current administration. It is therefore committed to implementing a series of legislative measures that will involve all public administrations and benefit all citizens. The most important measures are described below.

Law to Promote Personal Autonomy and Care for Dependant People.

Effective and real protection for disabled people and all people needing care is a priority for the Spanish government. It is also committed to mitigating the consequences of such dependency, mainly on families. This is the underlying principle of the future National System to Promote Autonomy and Care for Dependant People, which aims to resolve problems relating to equality and the recognition of the rights of all citizens – both care receivers and care providers.

In Spain, families, particularly women, are the main providers of care to dependent people. However, this unfair social and economic model is in a state of crisis due to the growing number of women entering the labour market and exercising their rights. This Law, currently being debated in Parliament, was approved by the Council of Ministers on 28 April 2006, and will provide coverage to the Social Security System. It promotes the regulation and necessary co-ordination among the different public administrations of the economic-financial bases for their development, the services network, the measures necessary to guarantee the quality of the system, the portfolio of services and benefits and the model of beneficiary participation in financing the cost of these services.

This Law was prepared on the basis of the Agreement adopted by the Government

with economic and social agents on 8 July 2004. Civil society played an active role in the drafting of this bill through the main organisations representing disabled people in Spain, namely CERMI, the State Council for the Elderly, the National Council for the Disabled, the State Council of NGOs and the Spanish Federation of Municipalities and Provinces. A consensus was also reached with the autonomous regions, which welcomed and approved the draft bill at the Sectorial Conference on Social Affairs on 30 March 2006. It was also endorsed by the Economic and Social Council and the Council of State.

The core element of the Draft Law is the recognition of a new civil right: the right of all dependent persons to receive health care. This is therefore a universal right, and no dependent people are left unprotected. This is also a subjective and perfect right since it may be claimed judicially and administratively. It is based on the principles established in Articles 49 and 50 of the 1978 Spanish Constitution, whereby public authorities are obliged to provide care to disabled people so that they can enjoy fundamental rights in equal conditions to other citizens and to promote the well-being of elderly citizens through a system of social services.

This law is helping to build the so-called “fourth pillar” of the Spanish welfare state, the other three pillars being education, health and pensions. These are all universal civil rights, and the right of dependent people to care will become another universal right.

In quantitative terms, the holders of the rights established in the Law are all Spaniards residing in Spain.

In Spain there are currently 194,508 completely dependent people, 370,603 severely dependent people, and 560,080 moderately dependent people, giving a total of 1,125,190 dependent individuals.

In 2015, once the system has been fully implemented, there will be 252,345 very dependent people, 472,461 severely de-

pendent people and 648,442 moderately dependent people. This gives a total of 1,373,248 dependent people.

The Law establishes three levels of protection:

- A minimum level of protection that will guarantee beneficiaries partial coverage of the cost of the services and benefits envisaged in the Law. The central state administration will cover all costs incurred in this first level.

- A second level, agreed between the central state administration and each autonomous region. This protection level, which is necessarily provides more protection than the first level, will be co-financed by the central state administration and each autonomous region under specific agreements, pursuant to which the autonomous regions will have to contribute at least the same amount as the central state administration needed to finance the agreed minimum level.

- A third level of additional protection which may be established by each autonomous region with funding from its own regional budgets.

The Law also envisages three types of benefits, all aimed at promoting personal autonomy and guaranteeing care and protection for dependent people.

- **Rendering of services**, according to a catalogue that includes remote care, home help, day and night centres and residential centres.

- **Economic benefits** provided when a public service cannot be accessed or care for dependent people arranged; the amount of benefits will be determined according to the degree of dependence and the beneficiary's financial situation.

- **Economic aid for care** in families in adequate living conditions and housing habitability.

The total cost of the System of Protection for Dependent People in 2015 will be 9.355 billion euros. From 2007 to 2015, the scheduled period for the gradual implementation of the system, the central state

administration will contribute almost 13 billion euros and the autonomous regions a similar amount. This investment drive is only comparable with the investments in the development of education, health and pensions in the 1980s.

However, this financial investment will be compensated socially and economically: firstly, because thousands of dependent citizens will receive the care they deserve; and secondly, because the implementation of the System of Protection for Dependent People will also have beneficial effects on economic activity in Spain:

- 300,000 direct jobs will be created, together with a considerable number of indirect jobs.

- By 2010 the GDP of the Spanish economy will have grown by 1.56% thanks to the implementation of the system.

- And, according to all estimates, the global tax return from general taxes and rates may cover almost two thirds of social expenditure associated with the deployment of the system.

Law recognising and regulating sign language and means for supporting the communication of deaf people

This Law aims to cater to the needs of nearly one million people in Spain affected by different hearing impairments, although it is estimated that almost 200,000 people will benefit directly from it. These people have travelled a long and arduous path to achieve full and equal integration in society.

This project is not restricted solely to deaf people. It aims to benefit society as a whole, a society that wants to move forward at the same pace. The text contains a series of precepts which, from the recognition of sign language to the right to oral communication, establish the free right of persons to communicate, to “listen with their eyes” or to vocalise language.

The project includes the creation of three key figures: the Centre for the Linguistic Standardisation of Spanish Sign Language, the Spanish Subtitling and Audio-

description Centre and the Law Monitoring Committee within the National Council for the Disabled.

Law on Infringements and Sanctions relating to equal opportunity, non-discrimination and universal access for disabled persons.

This law has been demanded for a long time by disabled people. It addresses direct or indirect discrimination, harassment, and non-compliance with legally established measures in favour of disabled people. Such infringements may be penalised with fines of between 301 and 1,000,000 euros.

The law penalises non-compliance with obligatory regulations governing safety and security and accessibility to shopping centres, educational centres and large public facilities, occupational or sexual discrimination, harassment in the workplace or sexual exploitation, and, of course, audiovisual practices that breach privacy and intimacy rights or image rights.

State Reference Centres for the Disabled

The commitment to the integration and achievement of minimum levels of dignity and welfare for all individuals is one of the priorities of the Spanish government. In this respect, the creation and establishment of tools for implementing disability policies are essential because they provide the foundations on which solidarity must be based.

These State Reference Centres currently offer disabled people a total of 760 service points at special centres in Madrid, Lardero in La Rioja, San Fernando in Cadiz, Albacete, Salamanca and Bergondo in A Coruña. The aim of these special centres is help Spain guarantee social cohesion.

To these have been added the new San Andres del Rabanedo State Reference Centre for the Care of Persons with Severe Disabilities or Dependence in Leon and the State Reference Centre for Patients with Alzheimer's Disease and other Dementia in

Salamanca, which will soon be joined by the State Reference Centre for Rare Illnesses in Burgos and the State Reference Centre for Severe Mental Illness in Valencia.

Similar, transversal projects include those underway to create the State Reference Centre for Parkinson's Patients in Murcia, the State Reference Centre for Brain Damage in Seville, the State R&D&I Centre in Extremadura, the City for Elderly People in Leon and the National Social Services School in Madrid.

These State Reference Centres promote innovation in personal autonomy and provide a platform for overcoming the difficulties faced by people requiring care based on a modern concept of the welfare state and active cooperation, in stark contrast to paternalistic approaches.

Strategic Plan for Citizenship and Integration

Spain has been a target country for immigration since the mid-eighties in terms of annual immigration flows, and in terms of immigrants residing in Spain since the early nineties. The increase in migratory flows in the last five years has put Spain at the top of the EU ranking in terms of the proportion of foreigners residing in Spain.

The foreign population makes very important contributions to Spanish society at different levels but it also creates opportunities both for immigrants and their families and for Spanish society as a whole:

1. In the labour market because immigrant work rates are twenty per cent higher than those of Spanish nationals; immigrants also perform many socially and economically useful jobs.

2. In the country's demographic structure because, although immigration cannot compensate the unbalanced Spanish population pyramid on its own, the structure of the immigrant population by sex and age can and does help to mitigate these imbalances, increase the birth rate and recover the fertility rate in Spain.

3. In cultural spheres, because immigration contributes to a cultural diversity brimming with opportunities.

4. Immigrants help to improve the living conditions of their direct relatives and the overall population in their countries of origin and contribute to the economic, social and political development of their countries.

A new immigration policy

Immigration legislation in Spain is formed by a complex network of international, EU, national and regional regulations.

The Plan incorporates the "basic common principles on integration" approved by the Council of Ministers of Justice and the Interior in Brussels on 19 November 2004.

One of the premises of this Plan is that the responsibility for the process of mutual adaptation of nationals and immigrants must be shared and must therefore involve all public administrations, social agents (trade unions and business organisations, NGOs, immigrants' organisations, etc.) and the receiving society as a whole.

To guarantee shared responsibility from the initial design phase of immigration policies and measures, the development of the Strategic Plan has been based on dialogue with the different administrations. A process of reflection and consultation involving all the relevant partners commenced in mid-2005. Before its approval by the Council of Ministers on 23 June 2006, the Plan was submitted for consideration to the High Council on Immigration Policy, the Forum for the Social Integration of Immigrants, the Tripartite Immigration Labour Committee, the Inter-Ministerial Immigration Committee and the Economic and Social Committee.

Cooperation and co-responsibility. The Strategic Plan establishes a framework for state cooperation. The plan, which has been extended to cover the 2007-2011 period and has a budget of 2,000 million euros, is designed as an instrument to develop policies,

pool initiatives and provide coherence to actions to support immigrant integration undertaken by both public administrations and the civil society. In this respect, cooperation between the central state administration and the autonomous regions is structured on the basis of annual regional action plans.

The three guiding principles of the Plan are:

1. The principle of equality and non-discrimination, which involves giving the immigrant population the same rights and obligations as the local population within the framework of basic constitutional values.

2. The principle of citizenship, which implies the recognition of full civil, social, economic, cultural and political participation of immigrant citizens.

3. The principle of inter-culturality, as a mechanism of interaction between people of different origins and cultures, as part of the valuation of, and respect for, cultural diversity.

The objectives of the Plan are to:

1. Acknowledge full civil, social, economic, cultural and political rights of immigrants.

2. Adapt public policies, in particular regarding education, employment, social services, health care and housing, to the new needs caused by the presence of immigrants.

3. Guarantee the access of immigrants to public services, in particular education, employment, social services, health care and housing, in the same conditions as the autochthonous population.

4. Create a system to welcome newly arrived immigrants and immigrants in situations of special vulnerability until they can access general public services.

5. Promote knowledge among immigrant men and women of the common values of the European Union, the rights and obligations of residents in Spain, the official languages in different state territories and the social regulations governing coexistence in Spanish society.

6. Combat different types of discrimination, racism and xenophobia in all areas of public and private social life.

7. Introduce the gender perspective in immigration integration policies and in the application of these policies.

8. Promote political and co-development experiences with immigrants' countries of origin.



A Red Cross worker provides assistance to two illegal Sub-Saharan immigrants after their arrival on the Beach of Los Cristianos on Tenerife in the Canary Islands.

9. Raise awareness of immigration in Spanish society as a whole to improve intercultural coexistence, valuing diversity and promoting values of tolerance and respect, and supporting the maintenance and knowledge of immigrants' original cultures.

10. Promote the public policies of the different public administrations and civil society that foster the integration of immigrants and cooperation in this field.

EQUALITY

The Spanish government's commitment to improving gender equality was demonstrated in April 2004 when the first administration to boast an equal number of male and female ministers, led by President José Luis Rodríguez Zapatero, came into office. Moreover, the first law presented before Parliament by this administration was the Law on Measures for Integral Protection against Gender Violence, the most brutal manifestation of the inequalities that exist in our modern-day society.

In the same vein, in March 2007 the Organic Law on Equality between Men and Women was approved, since the full recognition of formal equality before the law, although decisive, has proven to be insufficient.

Gender gaps are still difficult to resolve in spite of the huge number of international, EU and national regulations. Gender violence, wage discrimination, greater female unemployment and the still small number of women occupying positions of political, social and economic responsibility shows that full, effective equality between women and men, that "perfect equality, admitting no power or privilege on the one side, nor disability on the other", to quote the words written by John Stuart Mill almost 140 years ago, has yet to be achieved and new legal instruments are required to bridge these gaps.

Organic Law on Measures for Integral Protection against Gender Violence

The government's backing of this law again demonstrated its commitment to gender equality and its firm resolve to remedy the most pressing social problems – a resolve that in some cases, such as the fight against gender violence, involves society as a whole.

The Law on Measures for Integral Protection against Gender Violence was approved unanimously by the Spanish Parliament on 22 December 2004 and came into effect on 29 January 2005. The only exceptions were Chapters IV and V, on Criminal Custody and Judicial Custody, respectively, which were enacted later on 29 June of that year.

The phenomenon of gender violence reflects a citizenship deficit that affects women, who are deprived of their basic rights to democratic coexistence and, sometimes, to fundamental individual rights such as the right to life or the right to physical and mental wellbeing.

The government, which has traditionally adopted a neutral stance on "private" matters, therefore decided to act in order to shape a new social reality in which individual dignity prevails, irrespective of gender. To achieve this, it has introduced specific legislation to combat gender violence, incorporating positive measures aimed at correcting root inequalities, eliminating discrimination, equalising results and mitigating the discrimination suffered by women in society.

The law opts clearly for what could be defined as "unequal rights for equality", based on the conviction that the positive effects of unequal treatment, even in criminal matters, can be decisive for rebalancing root inequalities.

This law is therefore a Law for Equality, for two reasons:

1. Because it addresses the root of this violence by providing an integral protection system aimed mainly at combating and eliminating these causes. This system is di-

vided into three main fields of action: awareness-raising and prevention; recognition of rights to reintegrate victims in a statute of social and citizenship rights; and penalties for aggressors.

2. Because it introduces positive measures within the Spanish legal framework aimed directly and exclusively at women.

In twenty-five sessions, the Council of Ministers has adopted many measures for the implementation of the law. The most noteworthy measures are the following:

- Protocols of action with the General Council of the Judiciary, General Council of Lawyers, the General Council of Court Lawyers, the Ministries of the Interior and Justice, the Spanish Federation of Municipalities and Provinces and the autonomous regions. The Ministry of the Interior has strengthened support services for women, prevention, Care and Protection Units and EMUMEs (Women and Children Support Teams).

- Active Insertion Income Programme.

- Approval of the Royal Decree on the creation and constitution of 419 special courts, as well as the creation, structure and functions of the Special Government Delegation to Counter Violence against Women.

- Contingency Fund to provide financial aid to female victims of gender violence who, due to their age, lack of training/education or social circumstances, are unable to participate in employment programs.

- Central registry for the protection of domestic violence victims and the creation of Comprehensive Forensic Assessment Units.

Since this law was approved and until 15 February 2007, 84,005 orders of protection had been issued and, in 2007, 1,707 victims of gender violence had received the Active Insertion Income. Also, among other things, the number of courts handling only Violence against Women increased from 16 in June 2005 to 83 in December 2007, and the number of agents in specialised

units of the State Security Forces increased by 117.5%, climbing from 505 in March 2004 to 1,614 at the end of 2007.

Organic Law on Equality between Women and Men

Women represent more than half of the world's population and 51.23% of the EU population, according to Eurostat. However, the great paradox is that they are still treated as a collective despite occupying an enormous demographic space. We must not forget that places reserved for men and women are not the same: women, seen as a social collective, are protected like a minority group, when they actually represent a majority group and should have no problem exercising their rights.

Male careers are made possible by the time donated by women. Time is an asset that cannot be denied to half the population; this is an important challenge because policies have to be negotiated for everyone. In this respect, co-responsibility must no longer be the exclusive territory of women. It is an intrinsic element on the political agenda and a key element of public planning for all citizens, both women and men.

For this reason, in the Law on Equality between Women and Men will recognise the right to the reconciliation of private and professional life, establishing fifteen days of paternity leave in the case of births, adoptions or fostering. This leave, granted exclusively to fathers independently of maternity leave, aims to encourage fathers to become more involved in looking after their children.

This Draft Law introduces certain innovative elements:

- A different understanding of the meaning of equality, integrating this principle across the board (gender mainstreaming).

- The establishment of the necessary mechanisms for eliminating gender discrimination.

The future Law on Equality between Women and Men picks up where the Law

against Gender Violence left off. While the latter aimed to provide a global response to violence against women in the family, the Law on Equality also proposes a global approach for achieving genuine gender parity by combating all other types of direct or indirect sexual discrimination and by eliminating the obstacles and social stereotypes that prevent this objective from being achieved. This requirement demanded in the Spanish Constitution and in Community Directives, as one of women's real rights, also enriches society and helps drive economic development and increase employment, thus helping to achieve the objectives set out in the Lisbon Strategy.

The law envisages the creation of Gender Equality Units in the different ministerial departments to carry out this gender mainstreaming. These units will be empowered to evaluate the gender impact of government regulations and policies. Spanish electoral law will also be reformed and the right to parity in all spheres of public administration is established. Basic instruments in this field and at the state government level include a Strategic Plan for Equal Opportunities and the creation of an Inter-Ministerial Equality Committee responsible for coordinating actions and issuing gender impact reports; the measures will be obligatory not just in legal regulations but also in important economic and social plans, including national budgets.

From a social standpoint, a consensus was reached on the Draft Law with trade unions and entrepreneurs, and it was agreed with the trade unions that companies with more than 250 workers would be obliged to negotiate gender equality plans, as well as the equal participation of women on boards of directors.

The achievement of equality in our society requires the commitment of the public and civil society. Women's organisations have made a crucial contribution to achievements in the recognition of equality. For this reason, the law envisages the creation of a Women's Participation Council as an instru-

ment of democratic participation, guaranteeing fluid communication between the political class and civil society.

RECONCILIATION OF FAMILY AND WORKING LIFE

The Family, the Basic Unit of Coexistence

The family, as the basic unit of social organisation, is an institution that has gradually evolved throughout history in response to social, cultural, demographic, political and economic changes in the environment and in time. These changes affect both the role of the family in society and the organisation and internal functioning of family units themselves.

Spanish society has become more and more complex and diverse. New forms of coexistence have acquired growing social recognition and reflect the wealth and plurality of Spain as an advanced democratic society at the dawn of the 21st century. Different family units such as single-parent families, reunited families, families formed by unmarried couples or families of same-sex couples are new social realities that have been consolidated, together with more common types of families, proving that, far from being in a state of crisis, the family is growing richer and stronger.

The internal structure of families has also changed. The new paradigm of the democratic family based on the constitutional principles of freedom and equality has upset the traditional model based on patriarchal hierarchy and legal and social inequality between couples. Women, however, still have difficulty taking on this new equal role to they are entitled to enjoy, mainly due to problems reconciling family and work, problems of violence or difficulties in accessing certain jobs and responsibilities, achieving equal salaries for the same job or equal distribution of family responsibilities.

Policies for Reconciling Family and Working Life

Reconciliation, another priority of the government's social policy, aims to prevent mothers from being excluded from the labour market, particularly in the case of single-parent families and large families.

Improvement in infant care is being achieved in collaboration with the autonomous regions and local authorities. For this purpose, the Ministry of Labour and Social Affairs has established several lines of funding aimed specifically at maintaining, improving and creating new socio-educational centres to provide care for children under the age of three.

The Reconciliation Plan is being implemented and will introduce substantial improvements by providing flexible working hours and reconciliation measures for more than 500,000 male and female workers employed by the national government. It will also drive global changes in society.

However, reconciliation policies necessarily require the participation of all public and private agents. Many initiatives are being developed in this area in collaboration with the business world to promote human resources and organisational policies that are compliant and compatible with the family and personal situations of workers and directors, providing flexible working hours and conditions.

To achieve a democratic family organisation model, men must become more involved in taking on family responsibilities, and fathers should be allowed to enjoy and share the experience of fatherhood in equal conditions to women (irrespective of the special protection offered to mothers after childbirth). In this sense, Article 68 of the Civil Code has been amended to include the responsibility of husbands to "share domestic responsibilities and take care and look after their ascendants and descendants and other dependent people for whom they are responsible."

Royal Decree 1335/2005 of 11 November regulating Social Security family benefits

addresses the implementation of family social security benefits in a single piece of legislation. New measures to improve paternity and maternity considerations include the extension of lump sum family benefits to adoptive families. Different social security benefits were also introduced for large families, namely higher income ceilings for families to claim financial benefits for children or foster children and the extension of job reservation periods and the consideration of these periods for social security purposes in the event of leave to look after children. The law also aims to fill an important gap in legislation by allowing fathers to receive maternity benefits in the event of the mother's death during or after childbirth, even if the mother was excluded from the scope of application of Social Security benefits.

On 24 March 2007, the Law of Equality was enacted which, in addition to articulating measures to promote real equality between men and women, promotes the reconciliation of family and work life. Moreover, this new law has created new benefits such as paternity leave, the payment of benefits in the case of medical risk while nursing and a tax-exempt maternity subsidy. It also expands and improves other existing benefits such as the payment of benefits in the case of medical risk during pregnancy, which has become a professional contingency, and the taxable maternity subsidy.

Another focus of this administration is measures to support families, who benefit from the law that provides for a one-off payment of 2,500 euros for the birth or adoption of a child. An additional 1,000 euros is paid in the case of single-parent families, families with three or more children or in cases where the mother has a disability of over 65%, as long as the household earnings are under the maximum income threshold. This legislation of universal application came into effect in July 2007.

This same law introduces improvements on family Social Security benefits and has raised the maximum income threshold for the right to claim financial benefits.

PÁGINAS WEB DE INTERÉS

**Ministry of Health
and Consumer Affairs:** www.msc.es

Autonomous Regions

Andalusia: www.juntadeandalucia.es

Aragon: <http://portal.aragob.es>

Asturias (Principality of): www.princast.es

Balearic Islands: www.caib.es

Canary Islands: www.gobiernodecanarias.org

Cantabria: www.gobcantabria.es

Castile and Leon: www.jcyl.es

Castile-La Mancha: www.jccm.es

Catalonia: www.gencat.net

Region of Valencia: www.san.gva.es

Extremadura: www.juntaex.es

Galicia: www.xunta.es

Madrid (Autonomous Region of): www.madrid.org

Murcia (Autonomous Region of): www.murciasalud.es

Navarre (Autonomous Region of): www.navarra.es

Basque Country: www.osanet.euskadi.net

La Rioja: www.larioja.org

Ceuta: www.ceuta.es

Melilla: www.melilla.es

International organisations

World Health Organisation: www.who.int/es

Organisation for Economic Cooperation and Development
(OECD): www.oecd.org

European Union: www.europa.eu

PÁGINAS WEB OFICIALES

Ministry of Labour and Social Affairs

www.mtas.es

Economic and Social Council

www.ces.es

National Employment Institute. State Public Employment
Service

www.inem.es

Secretary of State for Immigration and Emigration

<http://extranjeros.mtas.es>

Secretary of State for Social Security

www.seg-social.es

IMSERSO. Institute for the Elderly and Social Services

www.seg-social.es/imserso

Women's Institute

www.mtas.es/mujer

National Youth Institute

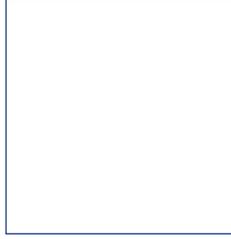
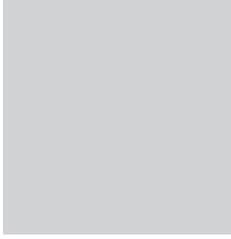
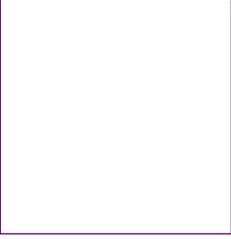
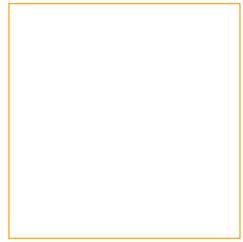
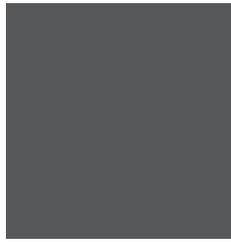
www.injuve.mtas.es

National Institute of Occupational Safety and Hygiene

www.empleo.mtas.es/insht

Work and Social Security Inspectorate

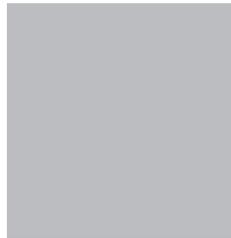
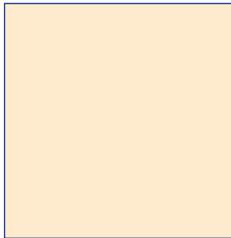
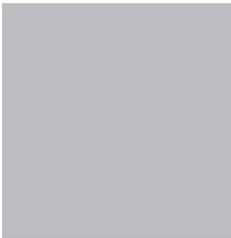
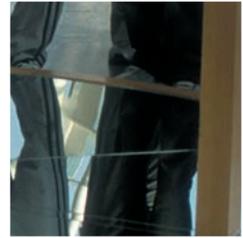
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CHAPTER IX



EDUCATION, RESEARCH, SCIENCE AND TECHNOLOGY



EDUCATION

The Spanish Education System

This brief description of the current education system is divided into four broad sections: *Principles, Structure, Administration and Education Policy*.

The first section describes the major principles that underpin and govern the education system, within the framework of the Spanish Constitution and as determined by the main education acts. In the following section, the structure of the system is described, with brief details of all the non-university levels and branches of education. The next section presents an overview of the general administration of the system, the various government levels and their functions, and the organisation of the system in keeping with current legislation. The final section describes the current education policy pursued by the Spanish Ministry of Education, Social Policy and Sports.

General Principles of the Education System: the Legal Framework

The legal framework governing the Spanish education system consists of the Spanish Constitution of 1978 and the following laws regarding the principles and rights contained therein:

- The 1983 Organic Law on University Reform (LRU), partly modified by the 2001 Organic Law on Universities (LOU), which is currently under review.
- The 1985 Organic Law regulating the Right to Education (LODE).
- The 2006 Organic Law on Education Act (LOE).
- Law 5/2002, of 19 June, on Qualifications and Vocational Training.

The new Organic Law on Education approved in May 2006 regulates the structure and organisation of the non-university levels of the education system. It reiterates the principles and rights recognised in the Spanish Constitution and the LODE, and advocates universal quality and fairness. Emphasis is placed on the inclusive nature of education, equality of treatment and the non-discrimination of persons under any circumstances. The law also reaffirms the nature of education as a public service.

The main objectives of the system in terms of the various types of education provided are as follows: to improve education and academic results; to achieve success for everyone in compulsory education; to increase the number of pupils enrolled at the pre-primary level, in higher secondary education and in vocational training courses; to increase the number of graduates from secondary and vocational schools; to educate pupils in democratic citizenship; to promote lifelong learning; to reinforce the fairness of the education system; and to synchronise our system with those of other EU member states.

The new education law unifies all legislation on basic education and repeals the legislation previously in force. The LOE restructures the education system around the central principle of diversity. It defines basic education as ten years of schooling, commencing at age 6 and ending at age 16. Basic education is broken down into primary education and compulsory secondary education. The law also regulates and effectively restructures pre-primary education, post-compulsory secondary education, art education, sports education, foreign language education, adult education and distance learning within the framework of lifelong learning.

It also contemplates the participative approach and aspects concerning school organisation and management, reinforcing schools' powers and organisational capacity – also contained in the LOPEG (Law on Participation, Evaluation and Administration of Schools) – adapting them to the present-day reality of education in Spain and granting additional powers to school councils and teachers.

The LOE also encourages cooperation between families and schools, promoting greater pupil and parent participation and responsibility. With regard to teachers, the law contemplates the recognition of teaching as a profession, the adaptation of initial training in line with the undergraduate and postgraduate system of the European Space for Higher Education, and the reinforcement of in-service training.

In June 2002 the new Law on Qualifications and Vocational Training was passed. Its basic objective is to adapt employment and business needs to the reality of education in Spain today, in order to provide for the lifelong acquisition of modern professional skills and competences.

The purpose of this law is to articulate an integrated system of vocational training, qualifications and accreditation that uses the various branches of training to effectively answer to social and economic needs. A National System of Qualifications and Vocational Training will promote and develop the integration of the various vocational training options available with a National List of Vocational Qualifications. The National Institute of Qualifications is the permanent body responsible for analysing occupational changes in the labour market and the evolution of vocational qualifications in the various economic sectors. This data is essential because it affects the range of vocational training courses available and, consequently, the list of qualifications. The legal implementation of the law has been one of immediate priorities of the Spanish Ministry of Education, Social Policy and Sports in the recent past.

This law also aims to be compatible with European legislation and facilitate labour mobility for both students and teachers.

General Structure of the Education System

The Law on Education (LOE) stipulates the basic structure of the Spanish education system, organising it into different stages, cycles, academic years and levels of non-university training. Meanwhile, the University Reform Law

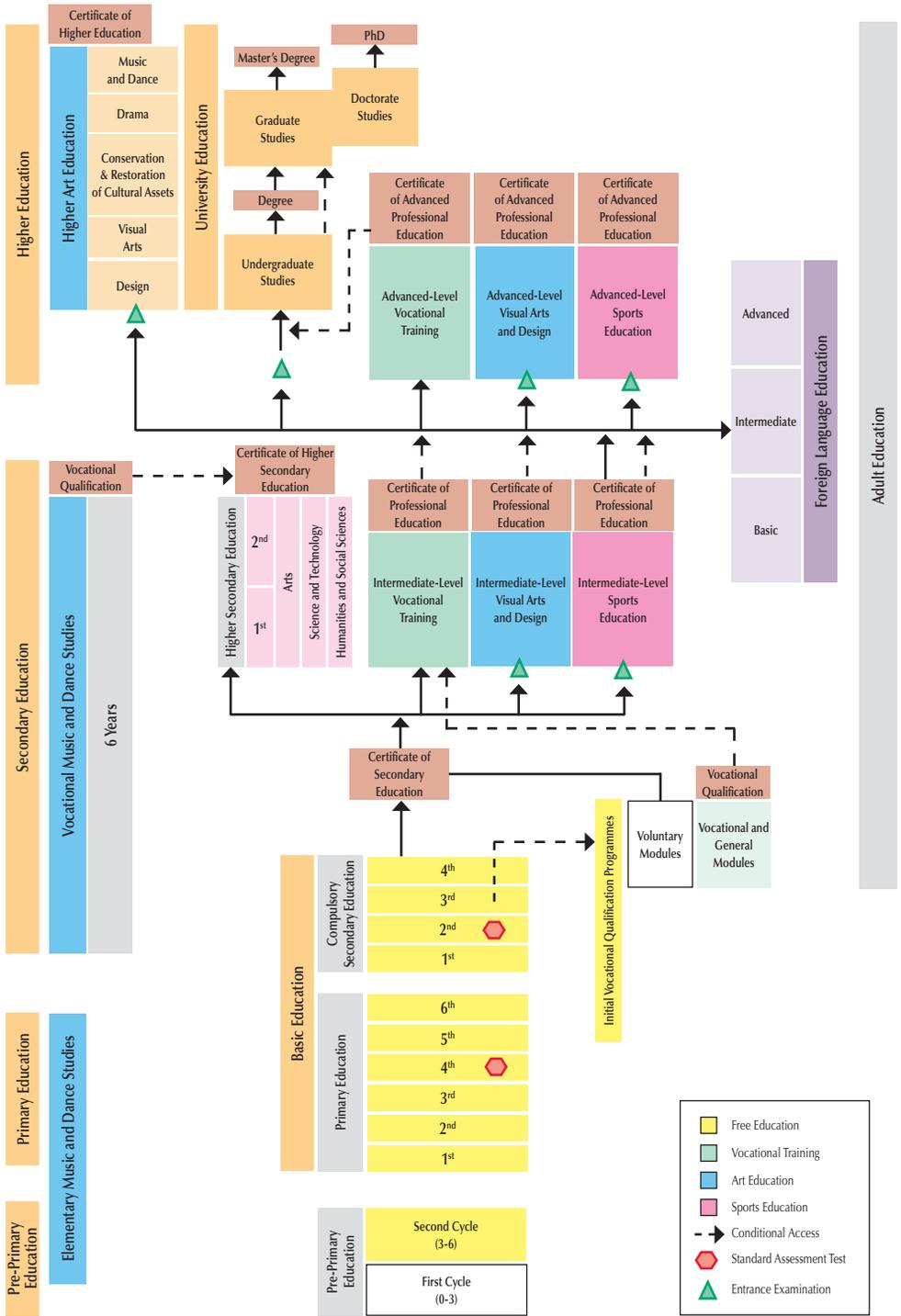
(LPU) of 1983 and the Organic Law on Universities (LOU) of 2001, modified by Organic Law 4/2007, regulate the structure of university studies.

In accordance with the LOE, the various types of education provided are as follows: pre-primary education, primary education, secondary education – which comprises compulsory and post-compulsory secondary education (the latter, higher secondary education and intermediate-level vocational training) – plus intermediate-level vocational training in art, design and sports. The higher education sector comprises university education, higher art education, advanced-level vocational training, and advanced-level vocational training in the arts, design and sports. Foreign languages, art and sport are all regarded as special branches of education.

With the exception of university education, which is governed by specific regulations, all the remaining non-university levels of education are adapted to pupils with special learning needs in order to guarantee their access, continuance and progression through the educational system.

With regard to the distribution of powers between the central government and the regional governments, the LOE establishes the mechanisms of coordination and cooperation between the various education authorities in order to define and reach a consensus on education policies and common criteria and objectives. Based on the need to ensure the same provisions throughout the country and guarantee the validity of the various degrees awarded, the Spanish government dictates the basic aspects of the curriculum – namely, the objectives, basic skills, syllabus content and assessment criteria – referred to in the LOE as the minimum core curriculum. These minimum core curricula have already been laid out for the different educational levels in the corresponding legislation. The basic content of the minimum core curriculum accounts for 55% of the school timetable in the autonomous regions with a co-official language and 65% in the regions where Castilian Spanish is the sole official language.

The Spanish Education System (LOE)



Pre-Primary Education

Pre-primary education is the first level in the education system. It is conceived as a single education stage with its own characteristics designed to meet the needs of children from birth to age 6. Although it bears a close resemblance to primary education, it has a different focus from subsequent stages. Pre-primary education is organised in two three-year cycles of an educational and voluntary nature. The second cycle is free of charge. The educational content of both cycles is described in a pedagogical proposal drawn up by each school.

Both cycles are expected to promote children's physical, intellectual, emotional and social development, assisting them in the discovery of the physical and social characteristics of the environment in which they live and enabling them to create a positive and balanced image of themselves and acquire personal autonomy. During the second pre-primary cycle, the education authorities are responsible for promoting initial contact with a foreign language, reading and writing, basic numerical skills, information and communication technologies, art and music.

Primary Education

Primary education consists of six years of schooling, usually commencing at age 6 and ending at age 12. It comprises three two-year cycles and is structured around a series of subjects designed from a holistic and integrating perspective.

This compulsory stage and compulsory secondary education are both provided free of charge and together represent basic education. Its purpose is to offer all children an education designed to enable them to consolidate their personal development and well-being, acquire the basic cultural skills concerning oral expression and comprehension, reading, writing and arithmetic, and develop social and emotional skills, work and study habits, artistic sensitivity and creativity.

Although structured into different subjects, the content is nevertheless designed from a global perspective. The compulsory subjects at

primary level are as follows: natural science, social and cultural environment, art, physical education, Spanish language and literature (plus the co-official language and its literature in Catalonia, Galicia and the Basque Country), a foreign language, mathematics, and civics and human rights education. During the third cycle of this stage, education authorities may also add a second foreign language. Subjects instrumental to the acquisition of other areas of knowledge are given special consideration. In addition to their specific treatment in several of the primary-level subjects, reading comprehension, oral and written expression, audiovisual communication, information and communication technologies, and ethics are practised in all subjects. A time is set aside each day for reading as a means of promoting this habit.

Student evaluation is continual and global, taking into account general progress in the full range of subjects. Pupils progress to the following cycle or stage when they have achieved the relevant basic skills and the appropriate degree of maturity.

In order to ensure the continuity of the education process, on completion of this stage of their education, pupils are provided by the education authorities with a report on their learning abilities, targets met and basic skills acquired.

On completion of the second cycle of primary education, all schools are required to conduct a standard assessment test of the basic skills achieved by their pupils. This assessment, which is the responsibility of the education authorities, is intended to provide training guidelines for schools and information for families and the education community in general.

Secondary Education

Compulsory secondary education (ESO), which commences at age 12 and terminates at age 16, consists of four academic years. The structure of this stage of the education system is articulated around two principles: a focus on diversity and the right of all students to equal education.

The purpose of compulsory secondary education is to ensure that pupils acquire knowledge of the basic humanistic, artistic, scientific and technological aspects of modern culture in general; to develop and consolidate study and work habits; to prepare them for further study or the labour market; and to train them in the exercise of their rights and duties as citizens.

During this stage, special attention is devoted to the acquisition and development of the basic skills, with particular emphasis on correct oral and written expression and the use of mathematics. A time is set aside for reading in every subject as a means of promoting this habit. The subjects taught at secondary level are as follows: natural sciences, physical education, social sciences, history and geography, Spanish language and literature (plus the co-official language and its literature in Catalonia, Galicia and the Basque Country), a foreign language, mathematics, visual arts and crafts, music, technology, civic and human rights education. The last year in this stage is of an orientational nature and offers students a choice of more specialised subjects. A second foreign language can also be learned over the course of this entire stage.

Students advance from one level to the next when they have met the targets for every subject studied or have failed to do so in two subjects at the most. In the event of failing three or more subjects, they must repeat the year. Exceptionally, a pupil who has failed three subjects may progress to the next year if the teaching staff are of the opinion that the nature of these subjects is unlikely to affect the pupil's success the following year, if the pupil is expected to re-sit and pass the subjects in question, and if progression to the next year is likely to benefit his or her academic development. Pupils may only repeat the same year once and may only repeat twice throughout compulsory secondary education. Exceptionally, a pupil may repeat the fourth year twice if he or she has not repeated any of the previous years at this level.

For pupils who fail to obtain the *Título de Graduado en Educación Secundaria*, or Certifi-

cate of Secondary Education, the education authorities may organise *Initial Vocational Qualification Programmes*, including three types of modules, to enable all pupils to attain vocational skills appropriate to a level-1 qualification, to enter the labour market as satisfactorily as possible, and to improve their basic skills as a means of attaining the Certificate of Secondary Education.

At the end of the second year in this stage, all centres will perform a diagnostic evaluation to determine the mastery of basic skills achieved by their students, which will serve to inform and orient the educational community as a whole.

Higher Secondary Education

Higher secondary education is non-compulsory and lasts for two years. The entry requirement for this level is possession of the Certificate of Secondary Education. In theory, students enter higher secondary education at age 16 and exit at age 18, but they may spend four years at this level if necessary.

The aim of higher secondary education is to provide pupils with the training, intellectual and human maturity, knowledge and skills required to undertake social functions and enter the labour market with an appropriate degree of responsibility and competence. It also prepares pupils to enter university.

Higher secondary education offers the following branches of study: arts, science and technology, humanities, and social sciences. For the first time, the arts branch now includes performing arts, music and dance. This stage is organised into core, branch-specific and optional subjects. Pupils may choose their subjects from a list of specific classes within their chosen speciality. Each branch is organised in a manner that enables students to specialise in a specific area and thus facilitate access to higher learning or the job market.

At this level, student evaluation is continuous and is carried out individually based on the syllabus targets and assessment criteria established in each autonomous region. Pupils

progress from the first year to the second year when they have passed all their subjects or failed two at the most. Pupils successfully completing any of the higher secondary specialties are awarded the *Título de Bachiller* or Certificate of Higher Secondary Education, which is valid for both vocational and academic purposes. All first-year and second-year subjects must have been passed to qualify for this certificate, which grants students access to the various types of higher education programmes.

Access to university-level studies is also contingent upon passing an entrance examination which, together with the grades obtained in the higher secondary level, provides an objective evaluation of academic maturity and knowledge acquired as well as the ability to cope successfully with university-level studies. All students in possession of the Certificate of Higher Secondary Education, regardless of the speciality or study course followed, are eligible to sit for the university entrance examination.

Vocational Training

Vocational training comprises a series of training measures designed to equip students with specific skills related to different occupations, enabling them to enter the labour market and become active participants in social, cultural and economic life. Vocational training is also characterised by its flexibility, enabling pupils to move freely between this type of education and other branches of the education system. For holders of the *Título de Técnico* or Certificate of Professional Education, it is another route for gaining eligibility to sit the entrance examinations for advanced-level training.

The purpose of vocational training is to prepare pupils for employment in a professional field, equip them to cope with the changes that may occur in their employment circumstances throughout their life, and contribute to their personal development and the exercise of democratic citizenship.

Vocational training is broken down into intermediate-level and advanced-level train-

ing. It is organised in a series of modules of varying duration and theoretical and practical content in keeping with the various professional fields. The two levels must correspond to the National List of Vocational Qualifications and constitute, respectively, intermediate-level vocational training and advanced-level vocational training. After first consulting with authorities of the autonomous regions, the central government establishes the range of qualifications corresponding to vocational training programmes, as well as the basic curriculum components.

The access requirement for intermediate-level vocational training is possession of the Certificate of Secondary Education, while pupils wishing to undertake advanced-level vocational training must be in possession of the Certificate of Higher Secondary Education. Applicants for vocational training who do not meet the academic requirements may take a specific entrance examination regulated by the competent education authorities.

Learning is evaluated by vocational modules, and successful completion of a training level is dependent on passing all the stipulated modules. Possession of the *Título de Técnico Superior* or Certificate of Advanced Professional Education permits access to university-level studies.

The legislative development of the LOE has established the structure of certificates, making significant progress in the designation of the new professional training certificates within the education system.

Art Education

The LOE regulates art education, the purpose of which is to guarantee quality training in the arts and provide a framework of qualifications for future musicians, dancers, actors, artists and designers.

Art Education comprises the following: elementary music and dance, vocational music and dance, and both intermediate and advanced-level training in the visual arts and design. It also encompasses higher studies in

music and dance, drama, conservation and restoration of cultural assets, design, and the visual arts (including higher studies in ceramics and glass-making).

The Higher Council of Art Education has been created as a national consultative body with direct participation in the provision of this type of education. After consulting with the autonomous regions, the central government is responsible for regulating the composition and functions of this body.

Successful completion of vocational music and dance studies leads to the relevant vocational qualification. Students completing these programmes are also awarded the Certificate of Higher Secondary Education if they pass the core higher secondary subjects, despite not having followed the music and dance study programme of the arts branch.

Pupils who successfully complete intermediate-level visual arts and design studies are awarded the *Título de Técnico de Artes Plásticas y Diseño* or Certificate of Professional Education in Visual Arts and Design in their chosen specialty. This qualification permits access to the arts branch of higher secondary education. Students who successfully complete advanced-level visual arts and design studies are awarded the *Título de Técnico Superior de Artes Plásticas y Diseño* or Certificate of Advanced Professional Education in Visual Arts and Design in their chosen field.

Higher music and dance studies are organised into different specialities and comprise a single cycle of varying duration, depending on their respective characteristics. Similarly, drama education comprises a single higher-level cycle with a duration appropriate to the characteristics of this type of education. The conservation and restoration of cultural assets is regarded as a field of higher education.

The LOE created the Higher Council of Arts Education as a state advisory body and instrument of participation with regard to this branch of education. The administration has stipulated the composition and duties of said council, which is already up and running.

Foreign Language Education

The law also regulates foreign language education, to be provided by official language schools and in keeping with the various levels recommended by the Council of Europe. The purpose of foreign language education is to equip pupils with the skills necessary for the appropriate use of the various languages, outside the ordinary education system. The levels of skills offered are basic, intermediate and advanced, which correspond to levels A2, B1 and B2 of the Council of Europe. This type of education aims to promote the learning of foreign languages, especially the official languages of the European Union member-states and the co-official languages in Spain, as well as Spanish as a foreign language.

In order to be admitted to an official language school, pupils must be at least 16 years old in the year they begin their studies. Pupils over the age of 14 may also be admitted to study a foreign language not provided as part of their compulsory secondary education curriculum.

Sports Education

For the first time ever, sports education is now regulated by law. The purpose of this type of education is to prepare pupils for a profession in a specific field or area, to facilitate their adaptation to changes in the labour market and sports world, and to encourage active citizenship. It is organised around the various sports branches and specialities recognised by the Higher Council of Sports in accordance with Article 8b of the Sports Law 10/1990 of 15 October. The provision of sport education is organised in association with the autonomous regions after consulting with their various sport education bodies.

Sports curricula are designed in accordance with the National Qualifications and Vocational Training System. Sports education is offered at the intermediate and advanced levels, and may be included on the National List of Vocational Qualifications. Programmes are organised into blocks and modules of varying duration, and they consist of theoretical and

practical subjects related to the various professional fields.

Adult Education

Nowadays, training is regarded as an ongoing process that lasts a lifetime. The value of learning is never lost, as economic and social changes regularly require citizens to broaden their skills. Consequently, the provision of adult education has increased. The LOE encourages lifelong learning by offering young people and adults the opportunity of combining study and training with their employment and other activities.

The purpose of adult education is to offer everyone over the age of 18 – and, exceptionally, young people over the age of 16 with a contract of employment that prevents them from attending an ordinary educational establishment, or who are full-time sports professionals – the chance to acquire, update, complete or broaden their knowledge and skills for personal and professional development purposes.

The organisation and methodology of adult education is based on self-learning processes and takes into account personal experiences, needs and interests. Training is offered through conventional programmes (requiring the presence of the learner) and distance programmes. The methodology used is to be flexible and open in order to meet learners' skills, needs and interests.

The range of adult education programmes comprises basic education and post-compulsory education that offer learners the possibility of entering higher secondary education and vocational training. Appropriate measures are taken to ensure that adults have access to a specific range of studies of this type, which are adapted to their unique circumstance. Public distance education programmes, including the use of information and communication technologies, are also offered.

People over the age of 25 are automatically eligible to sit the university entrance examination, regardless of whether they have any of the above-mentioned certificates.

General Administration of the Education System: Distribution of Powers between the Various Education Authorities

Since the approval of the Spanish Constitution in 1978, the education system has undergone a major process of transformation involving the gradual transfer of functions, services and resources from the central government to the various autonomous regions. Hence, between 1 January 1981, when Catalonia and the Basque Country were granted the means and resources to exercise their powers in education, and 1 January 2000, when Asturias, Castile-La Mancha, Castile and Leon, Extremadura and Murcia were granted the same powers for all non-university-level education, all the autonomous regions took over the full range of educational functions, services and resources, including non-university and university-level studies.

In this decentralised model of administration, the educational responsibilities are divided between the central government, the autonomous regions, local councils and the schools themselves.

The central government is responsible for safeguarding the homogeneity and basic unity of the education system, and guaranteeing the equality of all Spaniards in the exercise of their fundamental education rights as defined in the Spanish Constitution. These powers are mainly of a legal nature, concerning the regulation of the basic elements or aspects underpinning the system in general, although some of them are of an executive nature.

The autonomous regions are legally responsible for the implementation of state regulations and for governing the non-basic elements or aspects of the system. With the exception of those reserved by the central government, they also have executive powers in the administration of the system in their own territory.

Although the law entrusts certain tasks to local councils, it does not grant them the status of education authority. It does, however, recognise their capacity to cooperate with the central

and regional governments in the implementation of education policy. Hence, the local councils assist the education authorities in the creation, construction and maintenance of state schools and in the provision of complementary activities and services. Municipal participation is also articulated via the regional school councils and the councils of each individual learning centre.

The Ministry of Education, Social Policy and Sports is the central government body responsible for the proposal and implementation of the government's general guidelines on education policy. In order to exercise these functions, the Ministry of Education, Social Policy and Sports has created a series of central units, which make up the basic structure, and peripheral units, which are responsible for the management of tasks at the regional and provincial levels. In every autonomous region there is a government body with the executive capacity to undertake the educational powers reserved exclusively by the central government. This body is called the *Alta Inspección* or Government Inspectorate. In the autonomous cities of Ceuta and Melilla, the Ministry acts as the competent education authority.

Every autonomous region has created its own model of education authority – in some cases a Regional Ministry, in others a Department – in keeping with the functions it has taken over and the services granted by its statute of autonomy.

Not all towns have a designated body for undertaking educational tasks, although in the larger towns and cities there is usually a municipal education department.

The distribution of powers among the various levels of government requires coordination between the education authorities to guarantee the adequate execution of certain functions, such as policy decisions that affect the system as a whole and general planning, the exchange of information for the compilation of statistics, research in the field of education, the general management of teachers and in-service teacher training, and the accreditation of learning centres.

The body responsible for facilitating inter-governmental coordination and the exchange of information about the general organisation of the system is the so-called Sector Conference on Education, whose members are the Regional Ministers of Education and the central government's Minister of Education, Social Policy

ADMINISTRATIVE STRUCTURE OF THE EDUCATION SYSTEM AND POWERS AT EACH GOVERNMENT LEVEL. YEAR 2000

	Powers	Government Structures
Central Government	General management of the system, minimum standards in schools, international cooperation in the fields of teaching, development and the general coordination of research, general timetabling of education and regulation of academic and vocational qualifications. Government inspection, funding policy for the development, ownership and administration of state schools abroad, legal framework for foreign schools in Spain, education statistics for government purposes, etc.	Central units of the Ministry of Education, Social Policy and Sports. Peripheral units: a) Government Inspectorates in every autonomous region. b) Provincial Delegations in Ceuta and Melilla.
Regional Government	Government ownership in their respective regions, creation and authorisation of schools, management of staff, timetabling of education, guidance and attention to pupils, grants and subsidies, etc.	Regional Education Departments or Ministries of the various Regional Governments.
Local Government	Provision of land for the construction of state schools, conservation, maintenance and remodelling of pre-primary and primary schools, organisation of complementary activities for school children, monitoring of compliance with compulsory school attendance, etc.	Various municipal education departments.

Source: Prepared by the Educational Research and Documentation Centre (CIDE) in line with current legislation.

and Sports. The Conference is a consultative body with no decision-making powers. Additionally, there are several commissions with responsibility for inter-governmental coordination on a variety of issues.

Participation in the Education Community

The Spanish Constitution establishes that the authorities are to guarantee the participation of society in the general organisation of the education system. Social participation is regarded as one of the guiding principles of the education system. It is conceived as a factor of democratisation that ensures greater sensitivity to social needs and as a crucial tool for promoting quality education.

At the different levels of educational administration, including the schools themselves, there are various official bodies responsible for ensuring the participation of all sectors of society in the education community. At the national level, this body is the State School Council. At the regional level, this function is undertaken by the Regional, Territorial, Provincial, District and/or Municipal School Councils. Finally, each school has its own School Council and each university its own Social Council.

There are also two consultative state bodies for institutional participation: the General Council of Vocational Training and the University Coordination Council.

The State School Council is the national body responsible for social participation in the general organisation of the system and for advice on bills and regulations proposed or dictated by the government. The members of this council represent every sector of society involved in education. It has a consultative status in relation to the general organisation of the system and the basic regulations for the implementation of Article 27 of the Constitution, as well as on general management issues, the definition of the minimum core curriculum and the regulation of academic qualifications, the guarantee of equal rights and opportunities in education, the establishment of minimum standards for schools and any other issues which, by virtue of their importance, are entrusted to it by the Minister of Education.

The Regional, Territorial or Area, Provincial, District and Municipal School Councils are the senior bodies for consultation, advice and social participation in non-university-level education in their respective geographical jurisdictions.

The General Council of Vocational Training is the consultative body for inter-governmental institutional participation, which acts as an advisory board for the government. Although the Ministry of Education, Social Policy and Sports is represented on the council, it actually belongs to the Ministry of Labour and Immigration. In addition to the central government, a variety of union and business organisations are also represented.

The Higher Council of Arts Education, a consultative and participatory board, advises on this branch of education, particularly at the higher levels. Participants in this council include the Ministries of Education, Social Policy and Sports and of Culture, educational authorities, representatives of the teacher and student bodies and individuals of renowned prestige in this field.

The University Coordination Council undertakes the functions of management, coordination, planning, recommendation and advice in the field of higher education.

Education Policy

Currently, the main priority of the education policy pursued by the Ministry of Education, Social Policy and Sports is the fulfilment of the European Union's objectives by 2010, while the most important recommendations for action are measures to promote cooperation, equality, and support and reinforcement for pupils with special education needs.

Educational Objectives for 2010 and the National Reform Programme

Within the framework of the Lisbon strategy and the creation of the National Reform Programme, a series of short and medium-term objectives are to be met by the Spanish education system. These objectives are shared and sub-

scribed by all the competent education authorities, and have been established in keeping with those agreed upon by other European Union countries for 2010. The government is totally committed to these objectives.

However, the decentralised structure of the Spanish education system and the distribution of powers that attributes responsibility for the execution of education policies to the autonomous regions means that objectives must be accepted by all the education authorities as well as the individuals providing and receiving education: teachers, families and students. In the same way, society must also make the necessary economic effort to achieve said objectives.

For this reason that the Ministry of Education, Social Policy and Sports conducted a new survey of European points of reference and other relevant data that shed light on the current status of education in Spain. As a result of this survey, three broad blocks of educational goals and ten points of reference have been set for 2010. The blocks of goals are as follows: to increase school attendance at the pre-primary and post-compulsory levels; to achieve success for all pupils in compulsory education; to promote lifelong learning, citizenship, equal opportunities and social cohesion.

The autonomous regions have also been asked to review and update their indicators and points of reference. The General Education Committee commissioned two teams to report on and make recommendations for improving the results obtained by pupils in compulsory secondary education (skills, qualification), improving the continuity of pupils in post-compulsory secondary education (by reducing the drop-out rate) and increasing the number of pupils obtaining exit qualifications in both higher secondary education and intermediate-level vocational training. As a result of this work, a report has been drafted to monitor the progress made towards achieving both European goals and the proposed benchmarks.

The establishment of Spanish goals for 2010 and their adoption by all the competent education authorities are another indication – perhaps the most unequivocal – that only shared commitments and hard work from everyone con-

cerned can lead to better and enduring educational standards that satisfy the demands made of the education system by society in general.

Grants Policy

The increase in post-compulsory school attendance that Spain needs to achieve over the next few years, in line with European objectives for 2010, must be supported by a grants and subsidies policy aimed at encouraging both the efficiency and fairness of the education and training system. Hence, in coming years the grants programme will be improved with the dual aim of increasing the number of beneficiary pupils and the efficiency of subsidies as crucial instruments in the provision of equal opportunities. The annual sum allocated to grants and other funding is therefore likely to be increased by ten percent.

Reinforcement, Guidance and Educational Support

The Reinforcement, Guidance and Support Plan (the so-called PROA Plan), devised by the Ministry of Education, Social Policy and Sports in association with the autonomous regions, was launched in 2005 with a contribution of 4.5 million euros provided by the state government, which has increased to 46.7 million in 2008. The plan consists of the following programmes:

- *The School Mentoring Programme, for pupils with difficulties in the final cycle of primary education and the early years of secondary education.* These students receive educational reinforcement outside of regular school hours from young mentors and/or members of the teaching staff. The aim is to boost learning and academic performance, thereby improving the pupils' social integration.

- *The Reinforcement and Support Programme for socially and educationally disadvantaged schools.* This programme aims to improve the running of schools and the results obtained, working simultaneously with pupils, families and the local environment. The schools draw up an action plan in line with their specific needs, and the education authorities provide the funding for the implementation of the project.

• *The School Library Improvement Plan.* The Ministry of Education, Social Policy and Sports' mission to encourage reading habits among schoolchildren, plus the improved use of and funding for school libraries, have resulted in an explicit reference in the LOE to the status of libraries in schools, increased funding for libraries and the use of these spaces by the community in general. The Ministry of Education, Social Policy and Sports is simultaneously undertaking other initiatives to improve school libraries. The School Library Improvement Plan was launched in 2005 in association with the autonomous regions. During the first year it was allocated 25 million Euros in funding and another 9 million euros in each of the three following years. The autonomous regions are committed to matching this level of funding over three years.

Internet in the Classroom

The Ministry of Education, Social Policy and Sports, the Ministry of Industry, Trade and Tourism and the semi-public commercial entity Red.es have designed an "Internet in the Class-

room" programme for the 2005-2008 period. The programme contemplates a broad variety of activities to be undertaken in close collaboration with the autonomous regions.

In addition to a package of instrumental measures concerning equipment, connectivity and technical services, it comprises a series of measures designed to create an educational setting in which there is a natural, integrated and efficient use of these resources, services and pedagogical applications, facilitating strategies aimed at achieving an appropriate level of digital inclusion.

"Internet in the Classroom" affects the entire education community – students, teachers and families.

Enactment of the LOE and the Implementation of the New Core Curricula

During the 2007-2008 academic year, the first two years of primary and years 1 and 3 of compulsory secondary school were phased in, as well as new vocational qualifications and the elementary levels of music, dance and foreign languages.

LIST OF MINISTRY OF EDUCATION, SOCIAL POLICY AND SPORTS, WEBSITES

<http://www.mepsyd.es/>

International Cooperation

<http://www.mec.es/educa/internacional/index.html>

Vocational Training

<http://www.mec.es/educa/formacion-profesional/>

Institute of Evaluation

<http://www.institutodeevaluacion.mec.es>

Cide

<http://www.mec.es/cide/index.htm>

Autonomous Organisation European Educational Programmes

<http://www.oapee.es/home.html>

Teacher Training

<http://www.mec.es/educa/formacion-profesorado/index.html>

Europass

<http://www.mec.es/europass/index.html>

Ploteus

<http://europa.eu.int/ploteus/portal/home.jsp>

Grants

<http://www.mec.es/mecd/jsp/plantilla.jsp?area=becas&id=433>

Educational Information

and Communication Technologies

<http://www.mec.es/educa/tice/index.html>

CNICE

<http://www.cnice.mec.es/>

Attention to Diversity

<http://www.mec.es/educa/diversidad/>

Coexistence in School

<http://www.convivencia.mec.es/>

National School Council

<http://www.mec.es/cescs/inicio.htm>

Incuál – National Institute of Vocational Qualifications

<http://www.mec.es/educa/incual/index.html>

CIDEAD – Centre for the Innovation and Development of Distance Education

<http://cidead.cnice.mec.es/>

Education System

<http://www.mec.es/educa/sistema-educativo/indexSE.html>

Different types of Education

<http://www.mec.es/educa/sistema-educativo/index.html>

Teachers, Schools, Parents and Students

<http://www.mec.es/educa/comunidad-educativa/index.html>

Relations with the Autonomous Regions

<http://www.mec.es/educa/ccaa/index.html>

Intercultural Education

<http://www.mec.es/educa/intercultural/index.html>

Agreements

<http://www.mec.es/educa/convenios/index.html>

Art Education

<http://www.mec.es/educa/enseñanzas-artisticas/indexSup.html>

National Reform Programme, Lisbon Strategy

<http://www.la-moncloa.es/PROGRAMAS/PNR/default.htm>

During the 2008-2009 academic year, the new core curriculum for pre-primary will be phased in, along with years 3 and 4 of primary, 2 and 4 of compulsory secondary, and year 1 of higher secondary. The remaining core curricula will be phased in during the 2009-2010 academic year.

UNIVERSITY EDUCATION

Organic Law 4/2007, which modifies Organic Law 6/2001 of 21 December on universities, contemplates a series of reforms to increase the autonomy of universities while also demanding greater accountability in the fulfilment of their obligations and duties. The changes introduced are aimed specifically at improving the quality of Spanish universities and facilitating their incorporation into the framework of the European Space for Higher Education. This principle is promoted by the European Union via the modernisation of its universities, which it hopes to turn into active agents for the transformation of Europe into an economy that is fully integrated with the knowledge society.

Moreover, the construction of the European Space for Higher Education, launched with the Bologna Declaration of 1999, includes among its objectives the adoption of a common framework of readable and comparable degrees as a means of enhancing the employability and mobility of students and increasing the competitiveness of European higher education.

The contribution of the Spanish university system to the creation of the European Space for Higher Education and Research and the full integration of this system in that space involves a structural transformation. It also represents a milestone in terms of its conception and the methodology and objectives it entails, thus offering an important opportunity for the modernisation of the system.

The Current Organisation of University Education

The structure of university education in Spain is described in Royal Decree 1393/2007 of 29 October, which establishes the organisation of official uni-

versity education, dictated in compliance with Law 4/2007 of 12 April which modifies Law 6/2001 of 21 December on Universities. This Royal Decree outlines the basic structure around which universities must design their new educational programmes and degrees.

The new university education system is divided into three programmes: Undergraduate, Master's and Doctorate.

The undergraduate programme, with a course load of 240 credits, includes basic general education courses together with others designed to prepare students to practise their chosen profession and grants an Undergraduate degree to those who complete the programme.

The master's programme, with a course load of no less than 60 and no more than 120 credits, is dedicated to advanced, specialised or multidisciplinary education, designed to help students achieve academic or professional specialisation or to promote the undertaking of research projects. Those who complete this programme are granted a Master's Degree.

Finally, the doctorate programme is designed to provide students with advanced training in research techniques and leads to the achievement of a Doctorate Degree.

The new undergraduate programmes will start to be applied in the 2008-2009 academic year; nevertheless, until they have been fully implemented, these education programmes will continue to coexist alongside those in effect under the previous university education scheme, which offered the possibility of obtaining the following degrees: Honours Graduate, Engineer, Architect, Graduate, Technical Engineer and Technical Architect.

University Entrance Requirements

Access to university-level studies is obtained by passing a general entrance examination which, together with the grades obtained during the higher secondary level, assesses the academic maturity and the knowledge acquired by students during this stage of their education as well as their capacity to cope successfully with university-level studies. There are also special entrance examinations for people over the age of 25.

As part of the enactment of the new Organic Law 2/2006 on Education of 3 May, the government will establish the characteristics of the new university entrance examination. This will take into account the various higher secondary branches and specialties chosen by pupils, and will be based on the subjects studied in Year 2.

Under the terms of the new education law, access to Spanish universities is also open to graduates of education systems in European Union member-states or those of other countries that have signed reciprocal international agreements in this respect. These pupils are not required to sit the Spanish university entrance examination but must satisfy the university entrance requirements stipulated in their respective education systems.

University Courses and Places

During the 2007-2008 academic year, Spanish state universities (excluding distance-learning institutions) offered a total of 2,628 courses of study, broken down as follows: 1,385 short-cycle programmes; 947 long-cycle programmes, and 296 second-cycle-only programmes.

The total number of places for students offered by state universities (excluding distance-learning institutions) during the same academic year was 262,038. 220,772 of these places corresponded to new enrolments: 108,270 in short-cycle programmes, 100,640 in long-cycle programmes and 11,812 in second-cycle-only programmes.

During the 2006-2007 academic year, official master's degree courses were given at Spanish universities for the first time offering a total

of 948 different master's programmes. In the 2007-2008 academic year, the number of available master's programmes practically doubled that of the previous year, reaching a total of 1,783 programmes. The number of official master's programme students enrolled in 2006-20,07 was 15,063, of which 12,894 studied at public universities and 2,709 at private institutions.

Students in the 2007-2008 academic year were able to access over 76% of all university education programmes with an entrance grade of 5.5 out of 10 or lower.

The Evolution of Enrolments in the University System

There are currently 75 universities in Spain, of which 50 are state institutions and 25 either private or church-funded institutions (two of them did not offer classes in the 2007-2008 academic year). Included in the 50 state universities are the National Distance-Learning University and the Menéndez Pelayo International University, both of which are administered by the Ministry of Education, Social Policy and Sports.

87% of Spanish university students attend classes at regular (as opposed to distance learning) universities and 89.7% are enrolled in public universities.

During the 2006-2007 academic year, 1,405,894 students enrolled in the Spanish university system, of which 842,246 opted for long-cycle programmes and 563,468 chose short-cycle programmes.

Social and Legal Sciences was the branch with the highest number of students enrolled in 2006-2007, accounting for 49.8% of all regis-

EVOLUTION OF STUDENT ENROLMENTS AND PASSES IN UNIVERSITY ENTRANCE EXAMINATIONS

	Year	1994	1999	2004	2005	2006	Variation 2006-2005
Enrolments		327,220	295,082	226,743	222,594	220,595	-0.7
Passes		247,902	227,282	181,346	181,830	182,698	0.5
% of passes		75.76%	77.02%	79.98%	81.69%	82.69%	1.2

Source: Spanish Statistical Institute.

EVOLUTION OF STUDENT ENROLMENTS IN 1ST AND 2ND CYCLES, BY BRANCH OF EDUCATION

	Year						
	1994-95	1998-99	2001-02	2002-03	2003-04	2005-06 ⁽¹⁾	2006-07 ⁽¹⁾
ALL BRANCHES	1,446,472	1,582,795	1,525,989	1,503,694	1,485,993	1,405,894	1,443,811
Total Long Cycle	954,711	1,017,797	947,276	924,572	915,050	874,139	842,426
Total Short Cycle	491,761	564,998	578,713	579,122	570,943	569,672	563,468
Social and Legal Sciences	776,609	802,077	749,317	724,138	725,872	711,788	699,870
Technical Education	310,204	371,267	392,285	410,533	394,832	380,042	363,580
Humanities	133,046	161,188	149,168	139,443	140,976	132,563	128,753
Health Sciences	108,030	113,529	115,692	116,002	115,532	118,166	119,481
Experimental Sciences	118,583	134,734	119,527	113,578	108,781	101,252	94,210

⁽¹⁾ Provisional data

Source: University Statistics. Data forecast for 2004-2005. University Coordination Council.

tered students. At the opposite end of the spectrum was Experimental Sciences with the lowest proportion of enrollees – only 6.7% of all students in the system.

University Teaching Staff

Spanish state universities employ two different types of teachers. On the one hand, there are the teachers who belong to one of the University Teaching Corps and as such are civil servants. There are four different teaching corps: University Professors, Tenured University Professors, University School Professors and Tenured University School Teachers. In the future, in accordance with the stipulations of Law 4/2007 mentioned above, these corps will be reduced to two – University Professors and Tenured University Professors. Universities

also employ teaching research staff, whose contracts fall into one of the various specific university employment categories regulated by the law: Assistants, Doctorate Assistants, Doctorate Staff, Visiting Professors and Professors Emeritus.

In the 2005-2006 academic year, the total number of teachers working in state universities was 93,033, of which 52,441 belonged to a University Teaching Corps and 40,592 were on contract.

In the private or church-funded universities, all teachers are on contract. The number of contract teachers in the 2005-2006 academic year was 8,627.

With regard to Administration and Services Staff (PAS), who are responsible for the general running and management of universities, two types are employed by state universities: civil servants, distributed between various corps and levels, and contract staff. In the private universities, all administration and services staff are on contract. The total number of administration and services staff employed in the Spanish uni-

UNIVERSITY TEACHING STAFF BY CATEGORY. YEAR 2005-2006

ALL UNIVERSITIES	101,660
State Universities	93,033
University Teaching Corps	52,441
University Professors	8,786
Tenured University Professors	28,202
University School Professors	2,471
Tenured University School Professors	12,108
Others	847
Contract Teachers	40,592
Private and Church-Funded Universities	8,627

Source: University Staff Basic Statistics. University Teaching Staff. University Coordination Council.

UNIVERSITY ADMINISTRATION AND SERVICES STAFF. YEAR 2005-2006

ALL UNIVERSITIES	53,294
State Universities	48,850
Civil Servants	26,682
Contract Staff	22,168
Private and Church-Funded Universities	4,444

Source: University Staff Basic Statistics. University Teaching Staff. University Coordination Council.

versity system is 53,294, of which 48,850 work in state universities and 4,444 in private or church-funded universities.

Grants Policy

The grants policy is a vital tool for safeguarding the principles of equal opportunity and non-discrimination in the access to post-compulsory studies for students from low-income families.

Over the last two years, the grants and financial aid policy pursued has resulted in a considerable increase in the size of grants as well as the streamlining of grant applications to facilitate faster delivery to beneficiaries. Similarly, income thresholds have been raised to extend grant eligibility to a larger number of beneficiaries.

Moreover, the implementation of new master's programmes has been accompanied by a separate grants and financial aid policy. At the same time, a specific programme has been introduced to fund the postgraduate studies of young people under the age of 35 via zero-interest loans to be repaid once the beneficiaries obtain employment and their income exceeds an established threshold.

RESEARCH, SCIENCE AND TECHNOLOGY: THE SCIENCE AND TECHNOLOGY SYSTEM

In the world's leading developed countries there is a broad consensus on the importance of science and technology in economies in which competitiveness and social welfare largely depend on the generation and application of new knowledge. Since the 1950s, these countries have also witnessed a steady growth of scientific activity and of the number of institutions and individuals dedicated to it.

The view of science as a tool for generating knowledge that can be applied to technological innovation is increasingly more widespread. While in the early days of modern science and its institutionalisation certain countries always

promoted close links between industrial laboratories and universities, nowadays the scientific institutions of academia are generally a focal point of attention for industrial corporations as the production centres of technological knowledge and advances crucial to their operations and productivity.

At a special meeting of the European Council in Lisbon in 2000, the European Union set the strategic objective of turning the Union into the "most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment", by the year 2010. This objective comprises two specific goals: allocating 3% of GDP to R&D, and obtaining two thirds of this investment from the private sector.

In Spain, the articulation of a solid and clearly defined science and technology policy has occurred later than in many other European countries. The turning point came in 1986 with the drafting and approval of the so-called Science Act, which made research a permanent issue on the political agenda and gave rise to the creation of a government framework for action. This act recognised the important connection between science and socio-economic development in industrialised countries and recommended a coordinated focus based on research goals on one hand and the policies of R&D sectors on the other.

Now, several years after the approval of the Science Act, the figures for research, science and technology in Spain show an advance in the field as well as signs of change. The human and material resources dedicated to research have increased enormously since the 1980s. The Spanish economy's investment in R&D activities has been considerable; the total expenditure on R&D climbed from 0.43% of GDP in 1980 to 1.20% in 2006. Nevertheless, this percentage is still much lower than the figures recorded in leading European countries. The number of researchers (with the equivalent of full-time contracts) rose from 18,323 in 1980 to 115,798 in 2006 – in relative terms, from 1.4 per thousand of the working population to 5.6

per thousand. The primary agents of R&D expenditure (11,815 million euros in 2006) are companies (54.5%) and higher education (27.6%). In terms of funding the investment, corporations contributed 47.1% of the total – again, well below the European average. As for results achieved, the Spanish system is another example of the European paradox in that a relative success in the generation of knowledge is not accompanied by a commensurate application and use of scientific advances by the production network and society.

Spanish scientific production, in terms of the publication of articles in international journals, rose from 0.8% of global publications in 1980 to 3.1% in 2006. This figure is higher than Spain's demographic or economic weight in the world, making our country the seventh most prolific publisher of scientific articles. In contrast, the evident dynamism of basic research in Spain is not matched by patent applications and concessions, which are still notably lower than the European average.

The Technical-Scientific System

The generation and production of new knowledge and technologies are usually described as a system, that is, a group of connected components that exchange resources and information on priorities and produce a series of results with impact for the production network and society in general.

The framework for the Spanish technical-scientific system is established in the Science

Act and comprises a variety of institutions: the public authorities, which provide planning and funding, set the guidelines and priorities for research and define a framework of action for R&D activities, as well as having bodies specialised in the management and application of scientific policy; the public R&D system, which includes the public institutions dedicated to technical-scientific production as well as companies – organisations that are both producers of technological innovation and recipients of the knowledge and technological advances generated by the R&D system. The system also relies on support infrastructures, mainly of a public nature, such as liaison units between the public and private sectors of the R&D system and other services crucial to research activity, such as laboratories and other scientific infrastructures.

With science and technology now firmly on the political agenda, the government has defined a stable science and technology policy and allocated crucial funding to R&D activities. Hence, 42.5% of the total spending on R&D is provided by the public sector. In Spain, government promotion is particularly complex due to the profound political decentralisation defined in the Constitution of 1978. Nowadays, the autonomous regions are also active in this field with their own organisations and specific action plans. In fact, they actually provide around half of all public funds for R&D.

At the national government level, public action is supported by two institutional pillars: a political mechanism for governing science,

FIGURES FOR RESEARCH, SCIENCE AND TECHNOLOGY IN SPAIN, 2004

	Spain	UE25*	OCDE*
Spending on R&D (total spending on R&D as % of GDP)	1.07	1.82	2.26
Public spending on R&D (% of GDP)	0.49	0.64	0.67
Private spending on R&D (% of GDP)	0.58	1.15	1.53
New graduates in Science and Technology (% population aged 20-29)	12.2	12.2	-
Population with university studies (% population aged 25-64)	25.2	21.2	-
Staff in R&D (EDP) (% working population)	9.0	10.1	-
Researchers (% working population)	5.6	-	-
Scientific production: articles published (% world production)	2.9	-	-
EPO patent applications (per million inhabitants)	25.5	133.6	-
USPTO patent concessions (per million inhabitants)	8.0	59.9	-

* Data for 2003

Source: Spanish Statistical Office, European Commission (2006) European Innovation Scoreboard and OECD (2005) Main Science & Technology Indicators. Vol. 2005/2.

the so-called Inter-Ministerial Commission for Science and Technology (CICYT), and a series of instruments for defining objectives and priorities, which are laid out in the National R&D&I Plan.

Chaired by the Spanish Prime Minister and with several deputy chairpersons, the Inter-Ministerial Commission includes representatives from all the government departments involved in managing scientific activities. It is responsible for drawing up the National R&D&I Plan; articulating the government's activities; making recommendations on the allocation of public funds to specific research activities; coordinating the activities undertaken by the various government departments; and monitoring and evaluating the action undertaken. Infrastructure support for the Inter-Ministerial Commission is provided by the Universities and Research Department of the Ministry of Education, Social Policy and Sports, which is responsible for promoting science and technology policies.

Another two bodies also contribute to the tasks of institutional and geographic coordination: the General Council of Science and Technology, designed to coordinate and cooperate with the autonomous regions; and the Science and Technology Advisory Board, whose function is to liaise with relevant economic and social agents, such as trade unions and employers' organisations and the scientific community itself.

The public R&D network in Spain has a dual nature, its main agents being the universities and the public research organisations (OPIs). The main research centre is the Higher Council of Scientific Research (CSIC), which is multidisciplinary and multi-sectored, but there are also specialised research centres for sectors such as food and agriculture (INIA-National Institute for Agricultural Research), fishing and oceanography (IEO-Spanish Institute of Oceanography), soil and land (IGME-Geological and Mining Institute of Spain), energy and the environment (CIEMAT-Centre for Energy, Environmental and Technological Research), astrophysics (IAC-Astrophysics Institute of the Canary Islands), health (ISCIII-Carlos III Institute of Health) and aerospace technol-

ogy (INTA-National Institute for Aerospace Technology).

In Spain there are currently 48 state universities. The state universities provide advanced-level training: 1,303,109 people were enrolled in courses in the 2005-2006 academic year, and 174,185 graduated in 2004-2005. The universities also provide specialised research facilities: 72,998 people are currently enrolled in doctorate programmes, 10,890 people completed their doctorates last year, and 6,684 people read their doctoral theses in 2003.

As centres of research, the Spanish universities employ 86,902 people who perform teaching and research functions. They provide 4% of the funding for R&D activities and spend 29.5% of the Spanish R&D budget. Their importance for research in general is evidenced by their scientific output, representing 70% of Spanish scientific research published in Spain and abroad.

The CSIC, founded as an umbrella institution for the centres and laboratories created by the Board for Further Study in the first third of the 20th century, is currently Spain's leading public research body. It comprises 115 specialised research centres, which employ 3,175 researchers, train 2,565 people as researchers, and accommodate another 4,145 people who provide support services and contribute to the general running and management of the institution.

Its activity is multidisciplinary and multi-sectored: together, its centres, institutes and units encompass virtually every field of knowledge and conduct both basic research and technological development. The main focus of its work, however, is pure research. The CSIC is behind 20% of the articles with Spanish authorship published in international journals – the proportion rises to 50% in the case of the most prestigious journals (*Science*, *Nature*, etc.) – but only generates 2.4% of Spanish patents.

The state universities and the CSIC work closely together and maintain joint CSIC-University units, university research institutes and other collaborative relationships with public and private entities. As such, they reflect a *modus operandi* that regards collaboration as a

means for optimising effort and approaching research – in all its various fields and facets – from a multidisciplinary perspective.

The system is supported by various organisations and units that liaise between the R&D community and the business sector, and whose purpose is to make a direct contribution to the transfer of new knowledge and technologies to the production network. These support services include:

- The Research Results Transfer Offices (the so-called OTRIs), created under the terms of the university reform of the late 1980s with the aim of identifying the technological needs of local sectors and encouraging the transfer, application and commercialisation of R&D results generated by universities and public research centres. Every university and national research institute in the public sector has its own OTRI, as do many foundations and technology centres.

- The Science and Technology Parks, created by public-sector initiatives and intended to attract technologically innovative small and medium-sized enterprises, occasionally the product of a merger between researchers and companies who are attracted to a particular park by the technological capacity of a nearby university. There are currently more than 80 such parks, specialising particularly in information technology, telecommunications, engineering and consultancy services.

- The Technological Centres, whose purpose is to facilitate access to technology for companies and conduct research projects to solve their technological and innovation problems.

Of a different nature, but again with the ultimate aim of providing support to the general R&D system, are the Singular Scientific and Technical Facilities (ICTS) whose high investment and maintenance costs or unique and strategic nature require public funding and support. To this end, a national ICTS map has been drawn up which contemplates the construction of 24 new facilities of this type throughout Spain.

This ICTS Map was drawn up following discussion at and approval from the 3rd Confer-

ence of Regional Presidents on 11 January 2007, which the president of Spain chaired. This meeting drew attention to the need to have as many of these scientific and technological facilities as possible and to the interest of the autonomous regions in having such facilities located within their borders and co-funding them. This ICTS Map will ultimately provide Spain with 24 new scientific and technological facilities of great importance which, together with the 36 already in existence, will allow Spain to move forward at the pace contemplated in the National Science and Technology Strategy.

A few examples of major existing scientific facilities are the Antarctic Bases, the two ocean research vessels in operation, the solar platform in Almeria, the IRIS network of advanced telematic services for the scientific community and, more recently, the National Supercomputation Centre. Two of the most prominent new ICTS are the Underground Laboratory of Canfranc and the Alba Synchrotron. Spain is also home to a variety of international stations, such as the Hispano-German Astronomy Centre in Calar Alto, the observatory of the Hispano-French-German Institute of Millimetric Radio-Astronomy located in Granada and the Teide and Roque de los Muchachos Observatories of the North European Observatory (NEO), where the recently inaugurated Great Telescope of the Canary Islands (GRANTECAN) is located. Similarly, Spain also participates in major international installations such as the European Space Agency (ESA), the European Organisation for Nuclear Research (CERN), the European Molecular Biology Laboratory (EMBL), the European Synchrotron Radiation Facility (ESRF) and the Max von Laue-Paul Langevin Institute (ILL).

Last but not least, as the components that put knowledge to valuable use, are the companies. Resourced by other agents in the system, these organisations develop the innovations, either by improving manufacturing processes or launching new products and services on to the market. Although not yet on a par with European companies, the primary promoters of R&D activities in 2006, Spanish companies funded

55.5% of the total R&D expenditure and their investment in R&D activities represented 47.1% of the total. These companies employ 39,935 researchers on the equivalent of full-time contracts to engage in R&D activities.

Funding for Research

In view of the important ties linking science to socio-economic development in industrialised countries, since the mid-1980s the design and implementation of the Spanish science policy has attempted to remedy the shortcomings of science in our country. A diagnosis of the system highlighted problems of institutional and geographical coordination, largely derived from the gulf between research objectives and the policies of R&D&I-related sectors on the one hand, and political decentralisation and the lack of public and private resources for R&D on the other. The government recently (2005) underlined the inadequacy of business investment, the shortage of public funds allocated to scientific and technological infrastructures, and the absence of a critical mass in the public and private R&D system, all of which has resulted in scientific production below the potential of the human resources – the researchers – in the system.

Today, following a series of planning exercises (the so-called National R&D&I Plans) and other ad hoc programmes, public intervention in the field of science and technology has materialised in a variety of ways:

- The institutional articulation of the design and execution of a science and technology policy, plus support structures to manage and evaluate it.
- Legislation and regulation aimed at creating a general framework favourable for research, not only in universities and public R&D centres but also in the private sector with the use of tax incentives.
- Financial support for research and innovation.
- Specific action focused on the general running of the system, particularly in terms of the coordination and interaction between the various agents in the system (government, the

public R&D system and business), the training of human resources, the promotion of basic research and public investment in scientific and technological infrastructures, and other R&D support services.

Strong government support has been matched by public spending. The funding allocated to this type of activity has grown steadily in recent years. In 2007, the government's policy on research, development and innovation received 9,438 million euros in funding, 16.2% more than the previous year. Most of this funding (74.8%) was allocated to non-military research. Ten ministerial departments are involved in the management and execution of R&D&I activities, although most of the responsibility falls to the Ministry of Industry, Trade and Tourism (50.0% of the total) and to the Ministries of Education, Social Policy and Sports and of Science and Research (39.3%).

In 2005, a new strategic government initiative was launched – INGENIO 2010. This maintains support for existing R&D programmes while providing new resources for the R&D&I policy (a commitment to raise the budget for non-military research by at least 25% annually) and introducing new measures to strengthen public-private cooperation in R&D&I, fund major industrial research projects, increase critical mass and research excellence, and facilitate the development of the information society. These actions, which have already been implemented, are geared towards an ultimate goal in line with the commitments undertaken in Lisbon – namely, placing Spain in a better position within the European Union and the OECD, in terms both of the generation of knowledge and competitiveness through technological innovation. The new actions of INGENIO 2010 were incorporated into the 2008-2011 National R&D&I Plan.

In the field of research, government action is designed around four broad axes. The first of these is related to cooperation between the various agents in the science-technology-business system as a means of achieving greater geographical integration. This means improved

**INGENIO 2010 PROGRAMME:
STRATEGIC GOALS, FUNDING AND
INSTRUMENTS OF ACTION**

Strategic goals

- Increase the ratio of R&D investment to GDP from 1.05% in 2003 to 1.6% in 2008 and 2% in 2010.
- Increase the private-sector contribution to R&D investment from 48% in 2003 to 52.5% in 2008 and 55% in 2010.
- Achieve the EU-15 average percentage of GDP spent on Information and Communication Technologies, moving from 4.8% in 2003 to 6.4% in 2008 and 7% in 2010.

coordination of national and regional policies, and greater institutional integration via the promotion of cooperation between universities and government research centres, plus a particular emphasis on measures that guarantee the transfer to the production network of the knowledge generated in the public R&D system.

Improving human and technical resources in the public research system is the second broad axis, articulated in a series of actions concerning research training, the incorporation of researchers already working on consolidated programmes (e.g. Ramón y Cajal and Juan de la Cierva), and new specific measures aimed at the ongoing incorporation of new researchers, such as the Incentive Scheme for the Incorporation and Intensification of Research Activity (Programme I3). Another firm commitment ex-

pressed in government policy is to basic research, recently reinforced by the launch of a new programme called CONSOLIDER to support research of great strategic value spearheaded by research groups working in collaboration. Finally, government action also focuses on Spain's active participation in the European Space for Research and the internationalisation of Spanish science.

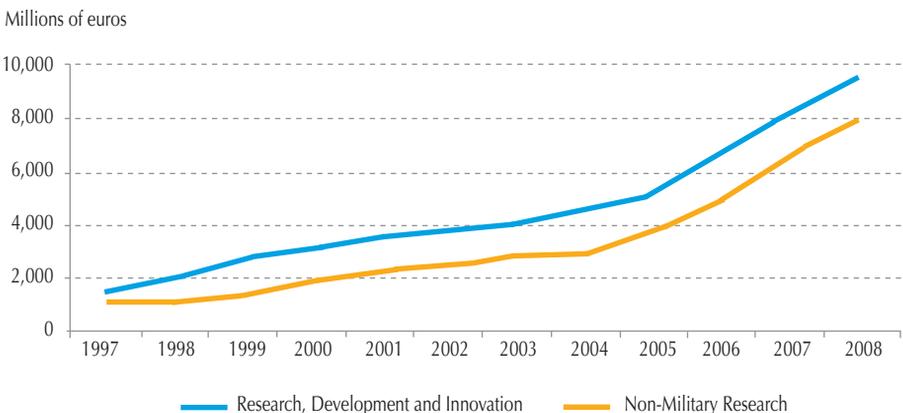
The National R&D&I Plan

The National R&D&I Plan is one of the pillars of government action, serving as the instrument for the planning and allocation of research and technological development priorities. It is financed by the Spanish government and structural funds from the European Union. The document contains a four-year action plan and sets out strategic goals, the broad axes of government participation and, in line with the choice of priorities, the specific programmes in the various scientific fields.

The Plan currently in place corresponds to the 2008-2011 period and reflects the gradual integration into the mainstream of science and technology policies and the diversification of the goals and instruments of action. The ultimate goals of the National R&D&I Plan are three general principles viewed as the primary guidelines that shape Spanish scientific and technological policy:

- To serve the citizens, social welfare and sustainable development, with the full and equal incorporation of women.

NATIONAL BUDGET FOR RESEARCH, DEVELOPMENT AND INNOVATION 1997-2008



- To help improve the competitiveness of businesses.

- To recognise and promote R&D as an essential element for generating new knowledge.

To this end, the National Plan has set the following strategic goals:

- To place Spain at the vanguard of knowledge.

- To promote a highly competitive business network.

- To develop an integrated science, technology and innovation policy.

- To move forward in the international dimension as a springboard for the system's qualitative leap.

- To achieve a favourable environment for R&D&I investments.

- To encourage scientific and technological culture in society.

The new National Plan is divided into four areas that are directly related to the general goals:

- Generation of knowledge and of scientific and technological skills.

- Promotion of R&D cooperation.

- Sectorial technological development and innovation.

- Strategic actions.

In order to achieve the goals for the four areas described above, six instrumental lines of action have been laid out and are implemented in National Programmes:

- Human resources

- R&D&I projects

- Reinforcement of institutions

- Scientific and technological infrastructures

- Use of knowledge and transference of technology

- Articulation and internationalisation of the system

To finance the actions of the National R&D&I Plan during the four years between 2008 and 2011, a year-on-year increase of 16%

is planned for the funds allocated to the R&D&I programme in the National Budget. The National Plan aims to introduce new procedures in the traditional management mechanisms through the publication of a single Base Order for each Instrumental Line of Action, as well as a single announcement for each National Programme. In the case of Strategic Actions, their instruments may be grouped in additional announcements.

Reducing the administrative workload is one of the main objectives of the 2008-2011 National Plan to improve the systems that grant beneficiaries access to public funding. An "information window" system will be installed based on four criteria:

- Single funding request channel (Internet)

- Channel for requesting unified information on funding

- Single instruments for each need

- Progressively unified forms

The National Science and Technology Strategy

An accurate diagnosis of the current weaknesses and future potential of our R&D&I system requires a more in-depth strategic evaluation of the science and technology policy, which is currently dictated by the National R&D&I Plans. Identifying the strengths, opportunities, problems, challenges and channels for satisfying the needs of the entire Spanish R&D&I system has served to define and create what has been called the National Science and Technology Strategy (ENCYT). This strategy serves to structure and integrate the basic principles that must govern the policies and programmes of research and innovation.

The initiative to elaborate said strategy came as a result of the experience gleaned from the successive National R&D&I Plans implemented to date and from the INGENIO 2010 initiative, which has given a strong boost to science and technology in Spain.

INSTRUMENTS OF ACTION

Strategic Line	Actions	Funding (millions of Euros)
CENIT Programme	CENIT Projects	1,000 (4 years)
	Fund of Funds	200 (2006)
CONSOLIDER Programme	CONSOLIDER, CIBER Projects. I Programme	500 (4 years)
Avanz@ Plan	Innovation-related work	2,200 (5 years)

The ENCYT, which covers the period up to the year 2015, has been drafted with the participation of the primary agents of the Spanish Science and Technology System, with representatives of the national government, regional governments, individuals active in the R&D&I field (scientists and technologists), social agents (unions and business associations), etc.

Once the Inter-ministerial Commission of Science and Technology gave its approval at Conference of Regional Presidents in January 2007, the ENCYT became an element of consensus and structure for Spain's science and technology policies, laying the foundations for the creation of a framework of greater cooperation on R&D issues between the national and regional governments.

RELATED LINKS

- Ministry of Education, Social Policy and Sports
<http://www.mepsyd.es>
- Ministry of Science and Research
<http://www.micinn.es>
- Universities and public research centres
<http://www.mec.es/>
- National R&D&I Plan
http://www.mec.es/ciencia/jsp/plantilla.jsp?area=plan_idi&id=2
- INGENIO 2010 programme
<http://www.la-moncloa.es/PROGRAMAS/PNR/default.htm>
- Regional R&D plans and programmes
<http://www.mec.es/ciencia/index.html>
- Science and technology platforms and parks, technology centres, major international stations
<http://www.mec.es/ciencia/index.html>
- Research Results Transfer Offices – OTRI network
<http://www.redotriuniversidades.net/>
- Technoscience Portal
<http://www.tecnociencia.es/fecyt/public/index.jsp>
- Spanish Foundation for Science and Technology National Agency for Evaluation and Long-Term Planning (ANEP)
http://www.fecyt.es/default.cfm?id_seccion=7578&id_sec=1585&nivel=1
- Ministry of Industry, Trade and Tourism
<http://www.mityc.es/es-ES/index.htm>
- Centre for the Development of Industrial Technology (CDTI)
<http://www.cdti.es/webCDTI/esp/index.html>

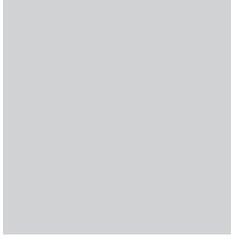
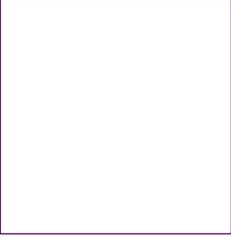
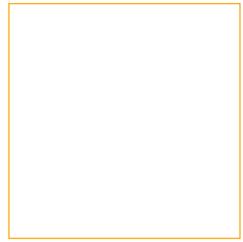
Major Science Stations

- Antarctic bases and ocean research vessels
<http://www.utm.csic.es/bases.asp>
- Cornide de Saavedra Ocean Research Vessel
<http://www.ieo.es/buques/cornide.htm>
- Yebes Astronomy Centre
http://www.fomento.es/MFOM/LANG_CASTELLANO/DIRECCIONES_GENERALES/INSTITUTO_GEOGRAFICO/Astronomia/
- Great Telescope of the Canary Islands
<http://www.gtc.iac.es/>

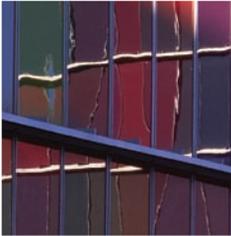
- TJ-II Stellarator
<http://www.fusion.ciemat.es/Default.html>
- High Security Biological Station (CISA)
<http://www.cisa-gic.es/>
- Civil engineering stations belonging to CEDEX
<http://www.cedex.es/presentacion/instalaciones.html>
- Fine Chemistry Station of Catalonia
<http://www.pcb.ub.es/homePCB/live/es/p135.asp>
- Solar Platform of Almeria
<http://www.psa.es/webesp/index.html>
- Computation and Communications Centre of Catalonia, C 4 (CESCA-CEPBA)
<http://www.cesca.es/es/index.html>
- IRIS network of advanced telematic services for the Spanish scientific community
<http://www.rediris.es/>
- Nuclear magnetic resonance laboratory (NMR of 800 MHz) at the Barcelona Science Park
<http://www.pcb.ub.es/homePCB/live/es/p135.asp>
- Clean Room of the National Microelectronics Centre
<http://www.cnm.es/imb/pages/services/presentacas.htm>
- Institute of Millimetric Radio Astronomy
<http://www.iram.es/IRAMES/index.htm>
- Calar Alto Astronomy Centre
<http://www.caha.es/>
- Teide Observatory
<http://www.iac.es/gabinete/index.htm>
- Roque de los Muchachos Observatory
<http://www.iac.es/gabinete/index.htm>
- Institute for Systems based on Electronics and Microtechnology of the Polytechnic University of Madrid
<http://www.isom.upm.es/>
- El Valles Synchrotron Radiation Source
<http://www.uab.es/servlet/Satellite?cid=1099409748343&pagename=UAB%2FPage%2FTemplatePageLevel2>

Statistical Information

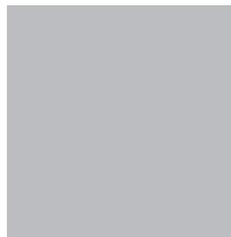
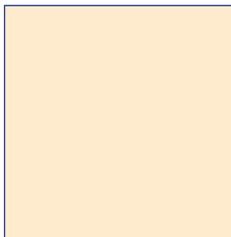
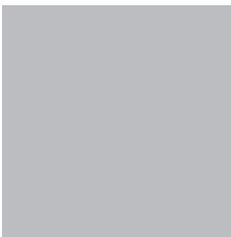
- Spanish Statistical Office
<http://www.ine.es/>



CHAPTER X



CULTURE AND SPORTS



THIRTY YEARS OF CULTURE IN SPAIN

Many things have changed in Spain over the last thirty years. The recovery of rights and liberties has brought a sweeping modernisation of the country in every area, and culture is no exception. Spain's culture has flourishing spectacularly in the last three decades on the wave of modernisation and democratisation, and is now much more readily accessible to the entire population.

The public and private sectors have contributed enormously to this cultural boom. Thanks to the drive of the national government, autonomous regions and town councils, hundreds of monuments have been restored and theatres and museums have been opened; music festivals have multiplied and film production has received strong support. Culture, or rather the cultural sector, has also become an important source of employment.

400 million Spanish speakers

In this period, Spain has become a major force in the publishing world, largely thanks to the importance of the Spanish language, which, with just over 400 million speakers, is the third most spoken language in the world. But this circumstance aside, growing worldwide interest in Spanish is also endorsed by the plethora of illustrious young writers who have sold millions of copies of their books.

This success has been repeated in the world of film. The Spanish film industry can now boast a growing number of internationally-renowned actors and directors and, despite often having to compete on unequal terms with films produced by large multinational studios, the in-

dustry has produced feature films that have received recognition at some of the world's most important film festivals and competitions.

Something similar is happening in performing arts. Spain has produced numerous first-class opera singers who are already international icons, and many theatrical companies are enjoying enormous success at major theatres on all five continents.

In terms of art, Spain has successfully managed to protect its extensive and rich historical heritage. At the same time, it has been able to build new modern art museums, support new creators and improve the facilities of its museums, some of which now enjoy an iconic international status – the Prado Museum being a case in point.

The space of Spanish literature

Spanish literature is a sum of contributions, a combination of efforts which helps to satisfy one indelible human need: the need to learn.

To satisfy this demand, Spain has many outstanding writers whose works are published and distributed through 40,000 bookshops and other points of sale. This sector handles 346,000 titles and more than 77,000 new titles are added every year, which, at an average of 4,500 copies per title, gives a total production of 346 million copies per year. This production and distribution network generates a turnover of more than 500 million euros abroad and over 3,000 million euros in the national market. Many of these copies are made available to readers via the country's largest cultural network, which is also free of charge: the library network, comprising more than five thousand libraries. This network is 97%-dependent on town councils and receives 83 million visits per year by Spaniards and immigrants. Books are published in all of Spain's co-official languages (Spanish, Galician, Basque and Catalan). In terms of book production, 82.3% of books are printed in Spanish and the rest in the other co-official languages, mainly Catalan. The book industry directly and indirectly employs nearly 100,000 professionals, although pub-

lishing production is very concentrated, with Madrid and Catalonia accounting for 70% of national production.

A film industry brimming with vitality

Spanish cinema is dominated by very specific styles of filmmaking which give the industry its own personality, stemming mainly from the vitality evident in its different sectors, in the projects developed by professional filmmakers and in the richness of their films. This has resulted in a broad variety of films where genres, styles and trends diversify and intertwine, just like the different generations of artists and experts who create the images that appear on screen. Spain ranks third in Europe after France and Germany in terms of production volume (150 feature films and 209 shorts in 2006). The situation regarding other aspects of the film industry (with a market share of 15.47% last year) may not be as healthy as we would all like, but it is positive bearing in mind its status in the EU, boosted by the international prestige bequeathed by directors such as Pedro Almodóvar, Alejandro Amenábar, Carlos Saura, Álex de la Iglesia or Bigas Luna, and renowned and popular actors and actresses like Javier Bardem, Antonio Banderas, Penélope Cruz, Carmen Maura or Victoria Abril.

In terms of financial support for Spanish films (which received more than 465 million euros in 2006) and for projects of special cultural value or others involving new producers (granted six million euros in the same year), the funds provided by the Cinematography Protection Fund have increased substantially in the last two years (64.5 million euros in 2006, 2.25% more than the previous year) to cover other key areas of culture, including the distribution of Spanish and European films, reduced interest rates on loans negotiated by producers with banks, or the conservation of film negatives. These consist of a broad series of measures implemented by the Ministry of Culture through the Institute of Cinematography and Audiovisual Arts (ICAA), and complemented by others such as the creation of the Reciprocal Audiovisual Guar-

tee Fund of the SGR (Reciprocal Guarantee Society) or the regulation introduced by the government and inspired by the “Television without Frontiers” (TWF) Directive, whereby all television operators are required to allocate 5% of their revenues to the European film industry, 3% of which must go to the Spanish film industry.

The number of co-productions has increased, particularly with other European and Latin American countries. In four years, exported productions have risen more than 50%; documentary feature films are already an accepted film genre; the number of women behind the camera is increasing ... It is safe to say that the Spanish cinema is now more alive than ever.

Music

Spain has produced many great musicians over the last thirty years during the heyday of great lyrical singers worldwide. Many of these magnificent vocalists also visited Spain during this period to perform in important concert series and festivals. Contact with the world's best music has been the breeding ground for the creation of many new permanent orchestras and another beautiful phenomenon: young people's orchestras. Meanwhile, the generations of maestros have nurtured the development of a group of new young composers who have earned the respect of international audiences.

Theatre

The great development of public theatres has fostered the production of shows and performances that define Spain throughout Europe. Spain's two great twentieth-century dramatists – Valle-Inclán and García Lorca – have also benefited from the 1980s renaissance and their works have finally been given the recognition they so richly deserve. Classical theatre from the Spanish Golden Age has enjoyed an equally important renaissance. The classics have been returned to their rightful place in the collective heritage of the Spanish nation, thanks to the work of two theatre companies: the Alma-



Palau de la Música Catalana (Catalan Palace of Music), Barcelona. Winner of the Prince of Asturias Prize for the Arts, 2008.

gro Festival of Classical Theatre and the National Classical Theatre Company.

Once again, we must inevitably refer to a new, plural and diverse Spain, where public spaces have appeared in all the autonomous regions and different companies and playwrights have produced plays that have defined the development of the use of Spain's different official languages. As a result, and with private sector support, several hundred new theatre productions are staged every year in our country.

Dance

In the last thirty years, an illustrious group of new choreographers have burst on the scene and taken contemporary Spanish dance to new and unprecedented heights. Our classical dancers have also graced the world's stages with their genius, talent and quality. Spanish dance, the legacy of flamenco, has also nurtured a powerful generation of artists whose shows bring audiences to their feet around the world.

Visual arts: widespread dynamism

This positive climate for the creation and promotion of visual arts currently warrants

Spain's consideration as not just a creative giant but also a market force. This is a new element of our socio-cultural reality, accounting for the strong emphasis in cultural policy on the need to educate audiences and strengthen the relationship between art and society. This dynamic process has driven the growth and consolidation of art collecting, which has branched into new artistic fields and areas of development.

The creation of numerous contemporary art spaces by public authorities during the last two decades has given way to a period of greater maturity, in which permanent collections and temporary exhibitions and activities aimed at different audiences form part of an on-going project and a coherent, high-quality programme. Spain currently has more than 200 contemporary art exhibition halls or facilities distributed throughout its various autonomous regions.

MNCARS, a benchmark of contemporary art

Once work on the new wing, designed and supervised by the architect Jean Nouvel, has been completed, the Museo Nacional Centro de Arte Reina Sofía (MNCARS) will be one of the largest contemporary art museums in the world.

State museums

State museums are currently being modernised and adapted to cater to new social demands. In this sense, our museums are working towards two converging objectives: the renewal of their conceptual apparatus through the implementation of museum development plans as an essential work instrument; and the modernisation of their infrastructures, so that they can efficiently and effectively perform their traditional functions and provide the new services they are committed to offering.

The National Prado Museum

One example of this policy is the construction of a new wing at the Prado Museum, the most significant expansion in the nearly two hundred years of its history. The new building, designed by Rafael Moneo, has doubled the museum's surface area and makes it possible to offer the different public services and events related to the exhibition and conservation of the museum's collections in a more orderly and spacious manner. This project is part of an ongoing expansion programme that includes making different neighbouring buildings part of the Prado's facilities, such as the Casón del

Museum of Contemporary Art of Castile and Leon (MUSAC). Leon.



Buen Retiro and the Salón de Reinos, with the aim of fulfilling the primary objectives of this national museum: to open the museum to society, develop the museum's different buildings into a museum campus, extend the museum's activities throughout Spain and increase economic resources through an efficient and stable funding model.

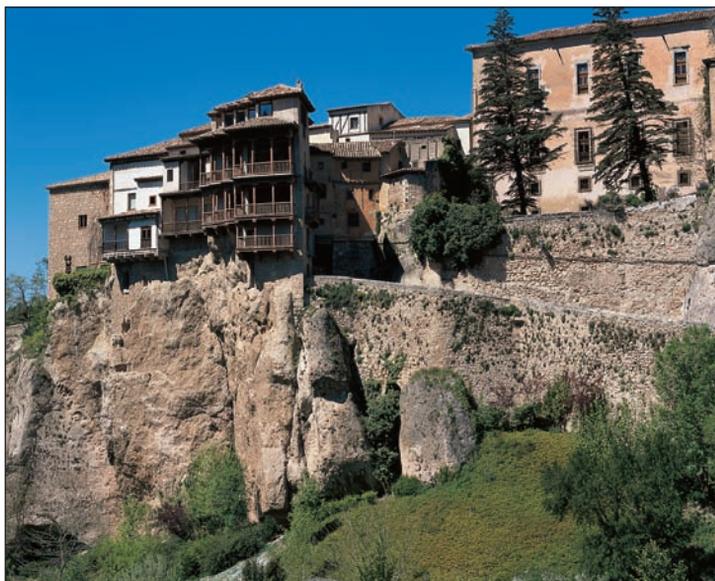
Heritage: protecting the past for future generations

Spain has a rich historical and cultural heritage. The Iberian Peninsula has been home to a host of different cultures: the peoples of the Upper Palaeolithic and Neolithic periods, autochthonous peoples such as the Celts and Iberians, colonial civilizations such as the Greeks, Phoenicians and Carthaginians, occupying peoples like the Romans, Visigoths and Muslims, and peoples from the medieval kingdoms in peninsular Spain have all left an enormous number of archaeological remains, including concentrations of sites with cave paintings unique in the world, castles, cathedrals, cities and medieval settlements, etc.

The Spanish government is collaborating with the autonomous regions to devise a series of policies aimed at conserving our architectural and artistic heritage. The National Cathedrals Plan has established a Master Plan for each cathedral, and most cathedrals have already been restored, particularly those in dire need of repairs. The National Castles, Abbeys, Monasteries and Convents Plan, the National Industrial Heritage Plan or the World Heritage Cities Programme are other initiatives designed to ensure the application of an efficient conservation policy, with the appropriate planning and methodology, to protect our historical heritage as effectively as possible.

The Cervantes Institute

The Cervantes Institute www.cervantes.es is a public entity created by Spain in 1991 to promote Spanish and the co-official languages of Spain and to spread the culture of Spanish-speaking countries. It has offices in 60 cities in



Cuenca, World Heritage Site since 1996.

Europe, Asia, America and Africa. In 2005, it was awarded the Prince of Asturias Prize for Communication and Humanities together with five other leading cultural institutes in Europe.

The Institute is governed by a board of trustees whose honorary president is His Majesty the King of Spain. The president of Spain is the executive chairman. Other members elected to the board include distinguished representatives of Spanish and Latin American literature and culture, as well as writers who have received the Miguel de Cervantes Prize for Literature.

Every year the Institute offers around 8,000 Spanish courses, as well as classes on the other co-official languages in Spain (Catalan, Basque and Galician). More than 100,000 students enrol for its courses each year. Most are students and the rest are teachers on special training courses.

The Cervantes Institute organises and administers the examinations for obtaining the Diploma in Spanish as a Foreign Language (DELE). The DELE is an official, internationally-recognised accreditation certifying students' knowledge of Spanish as a foreign language. Every year, more than 30,000 candidates sit the examinations, which are held at 400 testing centres around the world.

The Institute promotes culture in Spanish in its most varied forms: literature, plastic arts, film, theatre, music, philosophy, etc. To this end, it has organised more than 4,000 activities, with an average of 20 cultural activities per day.

cultura.cervantes.es

The Institute's network of libraries has more than 760,000 volumes in all sorts of media: books, periodicals, CD-ROM, audio and video tape, etc. The libraries are connected to the information highways and their catalogues can be consulted on the Internet, making them a key reference tool for teachers, students and anyone interested in the Spanish-speaking world.

bibliotecas.cervantes.es

The Cervantes Virtual Centre is an expression of the Institute's strong commitment to the Internet and new technologies. The Centre receives one and a half million visits each month and offers Internet surfers more than 100,000 pages of contents, with materials and services for Spanish teachers, students, translators, Spanish language and culture experts, journalists and anyone interested in Spanish language and culture.

cvc.cervantes.es



Their Majesties the King and Queen of Spain inaugurated the Cervantes Institute's new headquarters in Madrid on 11 October 2006.

The Virtual Spanish Classroom offers a full range of Internet-based Spanish courses. With a new teaching system that is open, accessible, fast and affordable, students are free to choose the time, pace and place of study. Students are provided with interactive teaching materials and a designated tutor to help them and monitor their progress.

ave.cervantes.es

SPORTS IN SPAIN

The Sports Law of 1990 established the legal framework governing sports activities at the national level, with the State taking responsibility for competitive sports activities at the international and national levels. At the regional level, the autonomous regions and town councils play a vital role in the organisation of basic sports within their territories and within the scope of their statutory limits in relation to the development and promotion of sports.

The quality of sports facilities in Spain at the time was far from optimum and Spain's per-

formance in international sporting events could be classified as irregular at best, combining sporadic successes with mediocre performances in major competitions.

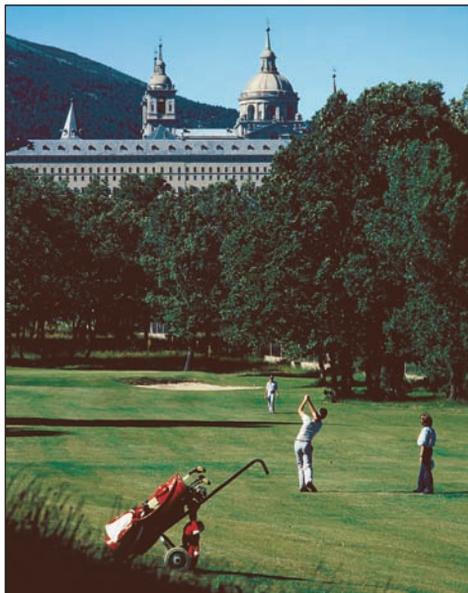
However, when Barcelona won the bid to stage the 1992 Olympic Games, this was the stimulus public authorities and society in general needed to take a qualitative step forward and consider sports events as the ideal scenario for publicising the culture and education of Spain as a modern nation. It provided an incentive for integrating sports into basic education at primary schools, secondary schools and university, and for encouraging our country's top sports professionals to achieve success on a regular basis in individual and team sports, where values such as solidarity, team spirit and harmony prevail.

The short-term goal of public authorities and civil society was to achieve the best results possible at the 1992 Olympics and, in the long term, lay the foundations for the development of sports culture and design certain basic guidelines to ensure that all factors converged to achieve the same objective.

The first initiative was the ADO (*Asociación de Deportes Olímpicos* – Association of Olympic Sports) Plan, which attracted private sponsorship to complement public funding. This plan established a scale of grants and incentives to promote great achievements in sport. The contribution of private funding through large companies was crucial and helped the Spanish team to achieve a record number of medals (22 in all) at the sports facilities in Barcelona.

Between 1996 and 1999, new sponsors joined the ADO Plan and a fund was created to provide financial aid for private clubs, as a kind of reward for contributing athletes to high-level national sports teams.

The ADO Plan has undergone massive changes, obtaining revenues of just over 46 million euros for the preparation of the 2004 Olympic Games in Athens. Another important legal development was the introduction of Law 4/2004, of 29 December, on the modification of tax rates and benefits corresponding to events of exceptional public interest, since it



La Herrería Golf Course. San Lorenzo de El Escorial.

included, for the first time, the programme of preparations of Spanish sports professionals for the 2008 Olympic Games in Beijing as an event of exceptional public interest.

Sports Law 10/1990, of 15 October, establishes that top-level sports are considered an activity of national interest for three reasons: they play an essential role in sports development; they stimulate participation in basic sports activities by virtue of the technical and scientific demands of preparing for competition; and high-level professionals represent Spain as a nation at official international competitions and events. The Spanish government has signed collaboration agreements with the autonomous regions to provide the necessary resources for technical preparation programmes and the scientific and medical support of top-levels sports men and women, as well as their inclusion in the educational system and their full social and professional integration.

In order to encourage participation in basic sports activities, sports authorities promoted the Plan for the Construction of School Facilities throughout Spain, under the aegis of the Ministry of Education and Science. Under this plan, thousands of sports facilities were built in

primary and secondary schools in many small Spanish towns. The programmes for developing and promoting popular sports in Spain were mainly carried out by the sports departments of local governments, the seventeen autonomous regions and the autonomous cities of Ceuta and Melilla.

Public funding for sports is channelled through the National Sports Agency, which is the central body directly responsible for sports-related activities carried out by the national government, the Directorates-General of Sports of the autonomous regional governments and the autonomous cities of Ceuta and Melilla, and the provincial and town councils in their respective fields of competency. The National Sports Agency has an annual budget of 159 million euros (3 million euros for promoting and disseminating sports in Spain; 19 million euros for school and university sports; and 137 million euros for promoting and supporting sports activities).

The results achieved by Spain's sportsmen and women at the 2004 Olympic Games in Athens were substantially better than those obtained in Atlanta in 1996, with the Spanish team bringing home a total of 19 medals and 52 Olympic diplomas, a record for sports performance outside of Spain. In 2005, the year after the Athens Games, Spain won 67 medals (18 gold, 23 silver and 26 bronze) at various World Championships and in Olympic Specialities and Events, almost twice the number obtained in 1997. It is therefore not ridiculous to expect that the objective of Spanish sports in Beijing in 2008 should be to maintain or even beat its record of Olympic medals (22) achieved at the 1992 Games in Barcelona, despite the fact that we will be competing on foreign turf.

Spain can therefore look to the future with certain optimism and satisfaction at the great progress made in association sports. This progress is evidenced by the numerous world titles currently held by Spain in handball, 5-a-side football and roller hockey, as well as the excellent form its teams continue to show in other international sports such as water polo, field hockey, basketball and football.

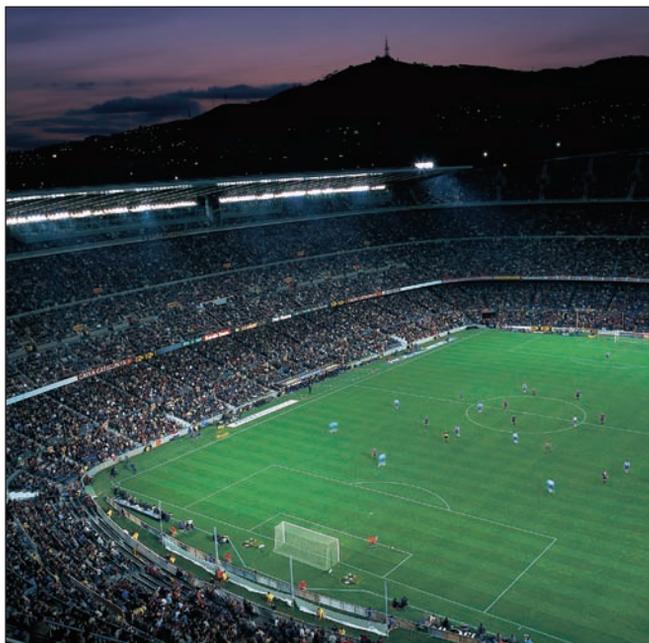
Spain's sportswomen have also made outstanding progress, whose professionalism and determination have taken them to a very high level of competition worldwide in team sports (basketball, handball, field hockey) and individual sports such as dressage, synchronised swimming, taekwondo, Olympic shooting, sailing, judo, artistic gymnastics, cycling and weightlifting.

In these years, Spain has also hosted major sporting events in an attempt to encourage its citizens to take up sports and improve sporting infrastructures. Spain has a magnificent international reputation as an efficient, serious and rigorous organiser of sports events, having hosted many top international sports events since Barcelona '92.

Seville's candidacy for the 2008 Olympics allowed the city to host important events such as the World Badminton Championships (1998), World Athletics Championships (1999), the World Kayaking Championships and the World Rowing Championships (2002), and the World Equestrian Games which were held in Jerez de la Frontera that same year.

Madrid's candidacy for the 2012 Olympics took the baton from Seville and organised a series of competitions as part of the plan to promote the city's candidacy, including the IAAF World Athletics Championships (2002), the World Karate Championships (2002) and the ISAF (International Sailing Federation) Olympic Class World Championships (Cadiz, 2003), the Finals of the World Volleyball League (2003), the World Cycling, Taekwondo and Archery Championships (2005), and World Badminton Championships and the Women's Field Hockey World Cup in 2006. Other noteworthy events include the European Taekwondo Team Championships (2002), the European Swimming Championships (2004) and European Indoor Athletics Championships (2005).

Spain is also a pioneer in doping control and the fight against the use of prohibited methods and substances in sports. Since 1963, it has participated in all international forums on this subject, actively searching for new methods to eradicate doping in sports. Madrid has one of the world's most prestigious doping control laboratories, which was one of the first in Eu-



Camp Nou Stadium,
Barcelona.

rope to be accredited by the International Olympic Committee. As part of its “zero tolerance” policy towards doping, in 2006 the Spanish Government presented a Draft Bill to Parliament on the protection of health and the fight against doping in sports, which redefines these illegal practices and the penalties applicable to all sportsmen and women.

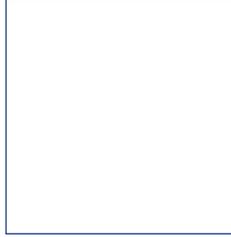
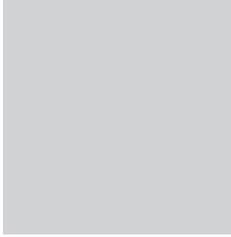
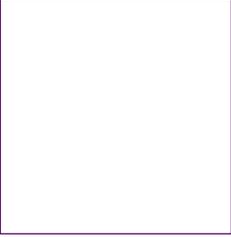
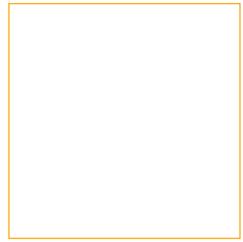
Many people have played a pivotal role in the long and successful development of Spanish sports, notably Juan Antonio Samaranch, a great promoter of the international Olympic movement, and Carlos Ferrer Salat and Alfredo Goyeneche, who are no longer with us, both of whom were true gentlemen of sports.

Internationally, the Spanish National Sports Agency plays an active role in the meetings, decisions and agreements of the European Union (EU), European Council, United Nations, UNESCO and World Anti-Doping Agency (WADA-AMA). The informal meetings of EU Ministers of Sports and Spanish Regional Director-Generals of Sports, which are held every six months, reveal the

need for the future European policy to consolidate existing logistical, financial and institutional achievements. Spain participates actively in the work of the WADA-AMA and in November 2007 it hosted the World Conference against Doping in Sport.

In conclusion, sports in Spain are currently considered to be the ideal instrument for achieving social cohesion and top-quality education and cultural training. Spain now enjoys well-deserved international recognition in sports, and we are confident that its potential will grow and that this will be compatible with a healthy environment untainted by fraud or lack of sportsmanship, because sportsmanship is rightly and justifiably associated with the noblest aspects of human nature.

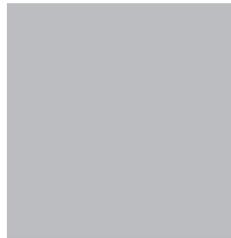
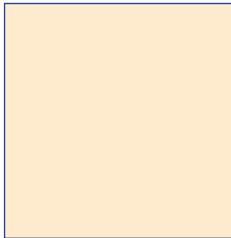
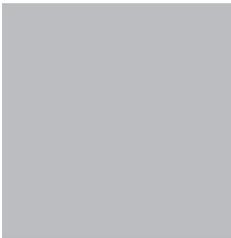
The web page of the National Sports Agency (CSD) www.csd.mec.es contains information on the most representative sports bodies, institutions and structures in Spain. The CSD’s web page can also be accessed from the sports section on the web site of the Ministry of Education, Social Policy and Sports www.mepsyd.es.



CHAPTER XI



THE ENVIRONMENT



WASTE MANAGEMENT POLICY

The National Waste Management Conference, organised by the Ministry of the Environment and the Rural and Marine Element, was held on April 5, 2006. The present and future of waste policy in Spain is reflected in the conclusions of the conference.

Waste is a serious environmental problem in itself. It is also at the root of several other problems, such as water, soil and air contamination, or risks to public health. Avoiding waste and correctly managing inevitable waste must be priority components of environmental policy. There are many benefits to be gained from prioritising this problem – not just ecological, but also technological, economic and social benefits.

At present, in order to improve management of all waste generated in Spain, the Ministry of the Environment and Rural and Marine Element has drafted the Integrated National Waste Plan (PNIR) which includes 13 specific water plans and three annexes with detailed measures and goals for each of them. This plan covers the period from 2007 to 2015.

The first attempts at a systematic organisation of waste in Spain date back to 1995 when the first National Plan on Dangerous Waste (1995-2000) and the first National Plan for the Recovery of Contaminated Soil (1995-2005) were approved. Other national plans have since been added, such as the plan on urban waste or the plan for the decontamination and elimination of PCBs and PCTs, among others. In addition, over the years the autonomous regions have been working to develop and approve was-

te management plans of varying content and scope.

PROTECTION OF THE ATMOSPHERE

The problem of air contamination is still a cause for serious concern in both Spain and the rest of Europe due to its harmful effects on human health and the environment.

Evaluations performed at both the European Union level within the framework of the BROWN Programme (Clean Air for Europe, 2001) and in Spain by the autonomous regions in accordance with existing regulations, reveal that in spite of the measures launched in the past, very harmful contamination levels still exist in certain areas. These evaluations are conclusive insofar as they demonstrate that air contamination still poses a health risk for European citizens.

Although there have been improvements in the last two decades in terms of the levels of certain pollutants (mainly sulphur dioxide), high concentrations of other contaminants persist, such as nitrogen dioxide and suspended particles, as well as episodes of contamination induced by tropospheric ozone in the summer.

The areas with the highest levels of contamination are usually certain industrial areas and particularly large cities, where emissions from vehicle traffic are the main cause of contamination.

Evaluations of air quality in Spain show that our main problems are similar to those suffered by other European countries, although these are sometimes aggravated by Spain's special meteorological conditions (more solar radiation which favours photochemical contamination and therefore ozone formation, particle re-suspension due to rain shortages, etc.) and geographical conditions (periodic invasions of particles from the Sahara Desert).

Ongoing and Future Measures

Renewal and Modernisation
of the Legislative Framework

The Air Quality and Atmospheric Protection Law

At the end of 2007, Parliament approved the text of the new Air Quality and Atmospheric Protection Law promoted by the Ministry of the Environment and the Rural and Marine Element, the aim of which is to reinforce the administration's efforts to fight atmospheric contamination in order to achieve healthy air quality levels.

During this same legislature the administration also approved the Spanish Air Quality Strategy which includes a series of very diverse initiatives, from modernising and updating the legislative framework to designing specific plans and improving information sources.

Other actions taken by the administration in this area include the repeal of the 1961 Regulations on Unpleasant, Unhealthy, Noxious and Dangerous Activities (RAMINP) and the commitment to draft a law on sustainable mobility that, within the framework of social dialogue, will include an obligation to set corporate transport plans in motion that will reduce the use of automobiles for employee transportation, encourage the use of other less contaminating modes of transportation and help to reduce the number and impact of these commutes.

The Council of Ministers approved the Royal Decree that establishes the target concentration levels of arsenic, cadmium, nickel and polycyclic aromatic hydrocarbons present in both the air and sediments for the purpose of protecting public health and the environment. This decree is the result of the implementation of Directive 2004/107/CE regarding the same matter and serves to perfect the context of legislation on atmospheric contamination in the EU as established in Directive 96/62/CE. Specifically, this is the implementation of the fourth "daughter" directive on different atmospheric contaminants. Previously the regulated substances included sulphur and nitrous oxides, suspen-

ded particles (PM 10), lead, benzene, carbon monoxide and tropospheric ozone.

Plans and programmes

In the same vein, the National Emissions Reduction Plan was approved in accordance with Directive 2001/81 on national emission ceilings of certain atmospheric contaminants (in ammonium [NH₃], nitrous oxides [NO_x] and volatile organic compounds [VOCs] and sulphur dioxide [SO₂] for 2010). This programme is the result of previous evaluation and analysis of the degree of compliance with emissions reduction commitments. A number of agencies participated in the adoption of the National Plan: the Ministry of the Environment and the Rural and Marine Element and other directly affected departments (especially Industry, Development and Agriculture), the autonomous regions via the so-called Sectorial Conference and social agents (companies, syndicates, ecological organisations, consumers, etc.) via the Environmental Advisory Board.

The National Plan for Reducing Emissions of Large Combustion Plants in existence as per Directive 2001/80 (known as the "LCP Directive"), approved in late 2007, stipulates that the member-states must significantly reduce the emissions of sulphuric dioxide, nitrous oxides and particles emitted by large combustion plants in operation, beginning on 1 January 2008.

Other plans and strategies regarding air quality

- The 2005-2007 E4 Action Plan.
- The 2005-2010 Renewable Energies in Spain Plan.
- Spanish Strategy on Climate Change and Clean Energy.
- Plan on Urgent Measures for the Spanish Strategy on Climate Change and Clean Energy.
- 2005-2007 National Plan on Greenhouse Gas Allowances.
- 2008-2012 National Plan on Greenhouse Gas Allowances.
- New Technical Building Code.

The first ecological taxation measures have been introduced, with a lower registration tax on vehicles with less contaminating engines. For the first time ever, since 1 January 2008 the registration tax is being determined according to environmental criteria rather than engine power. Work is already underway with a view to applying these criteria to the annual vehicle tax.

In terms of public information, 1 January 2008 marked the beginning of the period in which industrial complexes must record and report their emissions to the Spanish Register of Emissions and Pollutant Sources, PRTR-España. The primary objective is to make information on emissions of the major contaminating substances produced by industrial sectors available to the general public, just as the former EPER did. The main difference between the EPER and the new PRTR is that the scope is much larger, affecting more industrial activity sectors, more pollutants and more media. It also includes information on the transfer of waste to be treated outside of industrial complexes.

The Administration's management

Environmental impact reports. A Rapid Action Plan for Environmental Evaluation has been developed for the purpose of improving the management of case files for processing Environmental Impact Reports (EIRs). By nearly doubling the technical staff – from 24 in 2004 to 46 in 2007 – and introducing regulatory and procedural improvements, the structural backlog of unprocessed EIRs has begun to be remedied. At the same time, the average processing time of these reports has been reduced considerably.

Transformation of the National Meteorological Institute into the **State Meteorological Agency**. The new agency status entails greater autonomy and flexibility in its management. This will lead to greater efficiency and an improvement in the quality of services it provides to Spanish society.

Promotion of Research

- Promote specific research studies on the development and application of air quality policies.

- Support air quality projects in the Technical Research Development Programme (PROFIT), aimed at helping to achieve the objectives established in the National R&D&I Plan (2004-2007) in the field of technical research, through public aid programmes to encourage companies and other entities to engage in technological research and development activities.

THE FIGHT AGAINST SOIL CONTAMINATION: A VITAL RESOURCE UNDER OUR FEET

The Royal Decree on contaminated soils came into effect last January, after seven years of debate and research. More than twenty-five thousand companies engaging in 101 different types of economic activities will prepare reports on the condition of soils in the areas where they are located and they will have to decontaminate these soils if they exceed the maximum permitted contamination levels.

Besides degrading the land and undermining usage (because it cannot be used for crops, housing or spraying), in the worst-case scenario, soil in poor conditions may suffer desertification, a phenomenon which occurs when soil is no longer able to perform its key functions. According to a study carried out by the European Environment Agency, soil may be considered a limited and non-renewable resource because it would take 500 years to recover the biodiversity of a 2.5 cm-thick layer of soil. The EEA also estimates that 52 million hectares in the EU (more than 16% of total EU territory) are affected by some type of degradation. Therefore, the development of soil protection and prevention policies is essential to ensure sustainability and prevent adverse effects that may occur if no comprehensive measures are taken to solve this problem.

WATER POLICY

The policy currently under development is based on the principles set out in the Framework Water Directive (which is why the actions of the A.G.U.A. programme in the Mediterranean basins have obtained 1,200 million euros in European funding). Law 11/2005 was approved in 2005 to modify Law 10/2001 on the National Hydrological Plan. Measures designed in strict compliance with the constitutional parameter of urgent necessity were adopted. The Ebro River water transfer was repealed, given that it did not have the approval of the European Union and consequently lacked the necessary funding. On the other hand, the development of priority projects which directly affect the availability of resources for basins with water shortages or serious problems of aquifer overuse and contamination was approved.

Water management

- Ensuring supply availability. Despite three years of drought, no restrictions have been applied.
 - Aid for farmers. As early as 2005, the transactions of water usage rights were regulated in order to encourage exchanges between water basins, and significant subsidies have been granted to mitigate the effects of the drought.
 - Modernisation of irrigation (2006-2007 Urgent Action Plan, in conjunction with the Ministry of Agriculture, Fishing and Food: 1,808 million euros invested, 1,162 hm³ of water saved, 866,000 hectares irrigated), water treatment and purification (improving water quality) systems. For the first time, in 2006 the number of irrigated hectares using drip irrigation was higher than those employing flood irrigation.
 - Approval of the 2007-2015 National Water Quality Plan, which will require an investment of 19,000 million euros, one-third of which will be provided by the Ministry of the Environment.

- 90% of wastewater is now purified using the proper treatments and the Decree on the Reuse of Purified Water was approved (which permits the use of treated water for all purposes except public supply).

- Over 800 million euros have been invested in actions to improve the quality of water and treatments.

- 90% of waste has been reviewed, thus reducing contamination.

- Desalination means ensuring a steady supply of quality water, whether it rains or not. With regard to the production of desalinated water, the A.G.U.A. programme on the Mediterranean coast, the Canary Islands, Ceuta and Melilla will produce 713 hm³ (at the start of the legislature there were 140 hm³). Thanks to a 1,945 million euro investment, there are now 8 new desalination plants in operation that produce 191 hm³ (investment: 420 million euros), while the Valdeleitesco plant (50 hm³) is in the test phase and the second plant in Alicante (24 hm³) is nearing completion. The volume of drinking water obtained by desalination has been doubled. See the updated map with the locations of desalination plants (see Map next page).

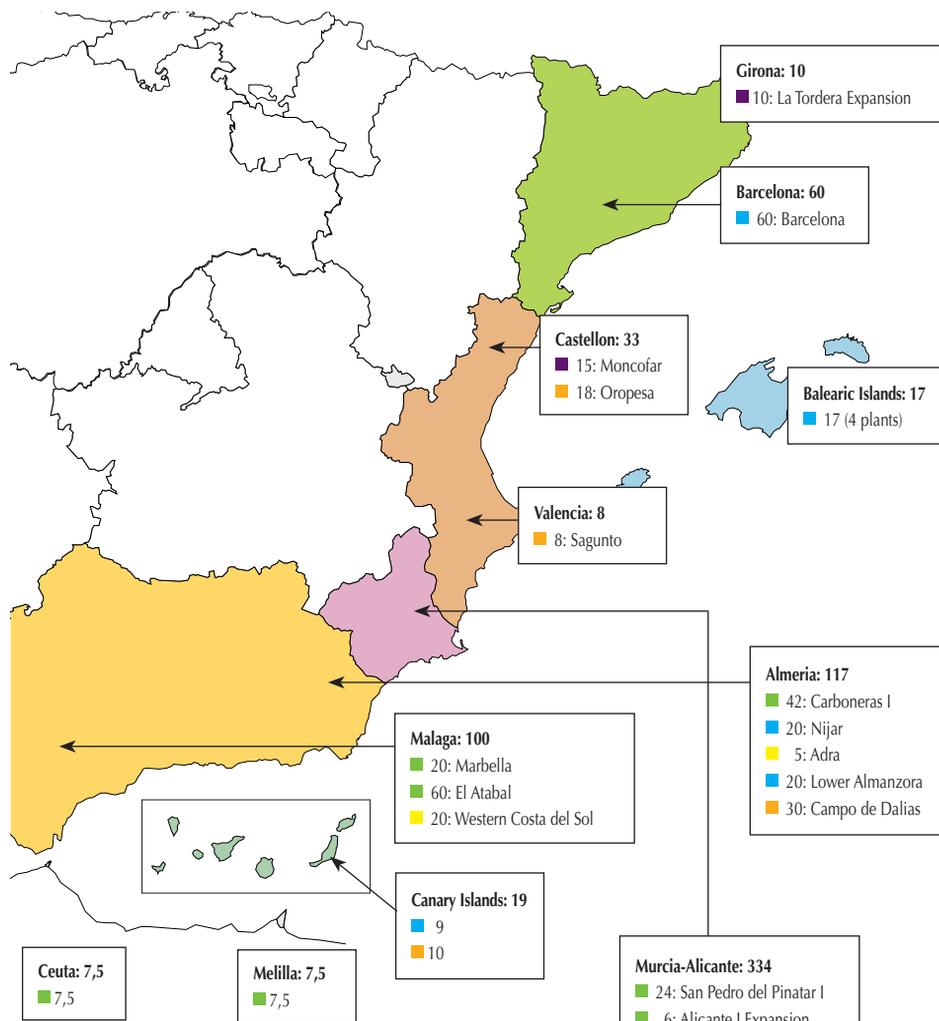
- To check speculation and excessive building, the Property Law considers the decisive nature of the mandatory reports of the Hydrographical Confederations on water availability before beginning any new building projects.

- The Ministry of the Environment is implementing the measures contained in the National Hydrological Plan.

- In the 2004-2007 period, bidding has taken place for projects valued at a total of 6,223 million euros, construction contracts for a total of 5,510 million euros have been awarded and 5,362 million euros have been invested.

- To ensure that rivers maintain their ecological volume of flow and to return rivers, streams and wetlands to their natural state as far as possible, the Ministry of the Environment has launched the National Strategy for River Restoration and the Volunteer Programme of Rivers. The government grants

SITUATION OF THE AGUA PROGRAMME DESALINATION PLANTS
September 2007. All Capacity Figures In Hm³/ Year



GENERAL BALANCE OF DESALINATION PLANTS

SITUATION	RESOURCES hm ³ /year	INVESTMENT millions of euros
Desalinated water at start of 2004	140	
■ In operation since 2004	191	420
■ Under construction	345	985
■ Contract awarded	97	270
■ Accepting or preparing to accept bids	15	50
■ Publicly announced or soon to be announced	25	65
■ Being dragged	40	155
Total promoted by the AGUA programme	713	1,945
GENERAL ESTIMATED TOTAL	853	

Map of A.G.U.A. programme desalination plants on the Mediterranean coast, the Canary Islands, Ceuta and Melilla.

economic aid to non-governmental organisations that work to clean and recover waterways and riverbanks.

- 60 million euros have been invested in the recovery of river basins, and the amount will reach 110 million by mid-2008.

NEW REGULATIONS

The Ministry of the Environment and the Rural and Marine Element has instigated important regulatory changes to ensure the defence of collective rights associated with environmental conservation.

Regulations approved to reinforce the right of all Spaniards to enjoy a healthy environment, consecrated in article 45 of our constitution:

- The Law on the Right to Environmental Information, Participation and Justice regulates the rights to access information, to public participation and to have access to justice with regard to environmental issues. It is an ambitious implementation of the Aarhus Convention in Spanish legislation and represents a major democratic step forward. It allows citizens and NGOs to participate in public decision-making processes that affect the environment, and consequently their quality of life. Specifically, it offers easier access to environmental information in the hands of public authorities, participation in decision-making procedures regarding issues that directly or indirectly affect the environment and which the authorities are responsible for drafting or approving, and the possibility of demanding an administrative and judicial review of the acts and omissions attributable to any public authority that may constitute a violation of environmental regulations.

- The Environmental Responsibility Law, which establishes the obligation to repair environmental damages and is also an implementation of a European directive. With this law, the administration has increased the scope of the rights of all citizens to health and quality of life. Economic agents that carry out

potentially contaminating activities are obligated to consider the potential damages that their activity may cause and to completely repair any damage that may be done.

- The Woodlands Law establishes new guarantees to protect Spain's woods and scrublands from inappropriate usage and environmental aggressions caused by humans. Among other measures, it prohibits the rezoning of land sooner than 30 years after a forest fire. The modification of the Woodlands Law is a milestone in nature protection, given the existence of certain shortcomings and loopholes regarding the correct definition of the powers corresponding to different public authorities as well as the regulatory organisation of mechanisms for protecting and conserving woodland areas. Specifically, this refers to issues related to preventing and fighting forest fires and to the protection offered by the administrative systems that catalogue and classify the various types of scrublands and woodlands. For example, the post of Chief Prosecutor for environmental and development offences.

Our societies are the ones that set the pace of commitment to the environment and health, which is why it is so important that the Environmental Advisory Board (CAMA) be fully operational and ensure that social organisations participate in environmental policy. Since the beginning of the legislature, the full assembly of CAMA has met on nine occasions and has informed and participated in the drafting of over 30 regulatory projects. During this present legislature, the Ministry of the Environment and the Rural and Marine Element has reformed this consultative body by reorganising its composition, powers and method of operation to make it a true institutional forum of participation for the most representative organisations and entities in the fight to defend the environment, sustainable development, unions and business and consumer associations.

During this period, the Sectorial Environment Conference, which brings together the heads of regional departments with authority in this area, has also done exemplary work.

Environmental R&D&I

R&D&I is one of the priorities of government policy in the current legislature. In this regard, special mention must be made of the INGENIO 2010 programme.

The INGENIO 2010 programme establishes the following objectives:

- To increase R&D&I expenditure as a percentage of GDP from 1.05% in 2003 to 1.6% in 2008 and to 2% in 2010.
- To increase the private sector contribution to R&D&I investment from 48% in 2003 to 52.5% in 2008 and to 55% in 2010.
- To reach the EU-15 average expenditure on ICTs (in percentage of GDP) increasing from 4.8% in 2004 to 6.4% in 2008 and to 7% in 2010.

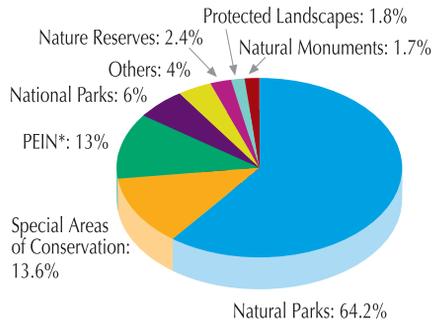
In terms of the instruments used, the National R&D&I Plan provides subsidies without direct compensation from the beneficiaries, although they are required to engage in activities of overriding public interest. Loans are also available to finance corporate and SME projects with public funds at low or even zero interest; the former are normally granted by the ministries (although “chapter VIII” or loans are also available in Industry, Tourism and Trade or in Education, Social Policy and Sports), whereas the latter are the main types of loans used by the Centre for the Development of Industrial Technology (CDTI) in its dealings with companies. More specifically, the CDTI finances three types of technological projects: Technological Development projects, Technological Innovation projects and Concerted Industrial Research projects (www.cdti.es). It is worthwhile noting, at least for the purposes of this introduction, the CDTI’s line of agro-food and environmental technologies.

THE PROTECTION OF NATURE AND THE LANDSCAPE

Protected Natural Spaces

Spain’s unique natural wealth is the result of a wide range of factors that converge in time

DISTRIBUTION OF PROTECTED SURFACE AREA ACCORDING TO LEGAL AUTHORITIES



*PEIN = Protection of Natural Areas of Catalonia
 Source: EUROPARC-Spain, 2006. EUROPARC-Spain Yearbook on the state of natural protected areas in 2005. Published by Fundación Fernando González Bernáldez, Madrid.

and space. The huge diversity of landscapes, climates and soils has nurtured the existence of an incredibly compartmentalised territory from an ecological standpoint. This has propitiated the appearance of a wide variety of flora and fauna. These factors are complemented by intense human activity that has gradually transformed nature and landscapes since Neolithic times, often enhancing the diversity of different habitats.

In March 2008, the European Landscape Convention came into effect. This convention, launched by the Council of Europe and ratified by 29 European nations, is the first and only international treaty dedicated exclusively to the protection, management and planning of European landscapes, granting landscape the legal status it formerly lacked.

Percentage of Protected Surface Area by Autonomous Region

The autonomous region with the largest proportion of protected areas is the Canary Islands (41.58%) and the region that contributes the largest surface area at the national level is Andalusia, with nearly 1.7 million hectares (32.75% of Spain’s total protected surface area). The autonomous regions that have increased their protected surface area most in the last two years are Galicia and La Rioja, mainly due to the inclusion of Natura

- The overall protected surface area in Spain has increased from 9.1% to 10.24% since January 2004. The protected marine area has risen by 127%.
- Although the overall protected surface area in Spain complies with the 10% minimum recommended by the World Parks Congress in 1992, some regions still have less than 5%, and active management has yet to be consolidated in many spaces.
- The importance of protected areas in socio-economic dynamics (one-fifth of the territory of Spain is within the socio-economic area of influence of parks) means that we must continue working on the complex task of guaranteeing the conservation of natural heritage and biodiversity, bearing in mind the crucial role played by many protected areas in rural development.
- There were a total of 1,115 protected natural areas in Spain at the beginning of 2006, occupying a surface area of 5,171,050 hectares, equivalent to 10.24% of Spanish territory. The total protected marine area is 155,804 hectares.
- Forty-three (43) different types of protected areas have been established. Parks, with a total of 154 spaces, account for the largest protected surface area, more than 3.6 million hectares or 70% of the total protected surface area.

Source: EUROPARC-Spain. 2006. *EUROPARC-Spain Yearbook on the state of natural protected areas in 2005*. Published by Fundación Fernando González Bernáldez, Madrid.

2000 sites within their networks of protected spaces.

Spain invested at least 88 million euros in its natural parks in 2004 (data for 74 natural parks supplied by 13 autonomous regions), equivalent to an average of 33 euros per hectare, although a slight decrease in investment has been observed since 2002.

There are a total of 1,040 municipalities where all or part of the territory is occupied by natural or national parks. These municipalities are home to a total population of 17,103,805 inhabitants (38% of the national total) and occupy a surface area of 10,359,086 hectares, i.e. one fifth of the Spanish territory.

66% of parks provide data on the affluence of visitors. The total number of visitors is almost 50 million, of which nearly 11 million were visitors to National Parks. The number of visitors has increased steadily since 1991 to approximately ten million visitors in 1999, remaining almost constant from 1999 to 2005.

Law 41/97, which modifies Law 4/89, established a model of shared administration between the central government and the autonomous regions. The aforementioned model was the object of an appeal before the Spanish Constitutional Court. A sentence was handed down by the Supreme Court in November 2004, in which it declared that

the autonomous regions were responsible for the regular, everyday management of National Parks.

Biodiversity

- The Law of Natural Heritage and Biodiversity has been approved, which will replace the 1989 law on the establishment of the basic legal system for the conservation, sustainable use and restoration of the natural wealth of our territory. This law gives priority to environmental protection over territorial and city planning, extending the precaution to all natural spaces whether or not they are declared «protected spaces.» This project further develops the major nature conservation and protection principles outlined in the legislation now in effect, as well as the principle of sustainable use of resources. The novelty lies in that the text introduces an essential topic that is the subject of much consideration around the world today – access to genetic resources and the distribution of profits.

- National Parks. The Law of the National Parks Network ensures an integrated system of protection for this representative sample of natural spaces. The goal of this legislation is to establish the basic legal framework for the Network and ensure that a

EVOLUTION OF REAL INVESTMENT IN NATIONAL PARKS

Units	2000	2001	2002	2003	2004	2005
Parks	15,091,132.09	17,453,854.04	20,388,759.90	21,811,956.55	15,918,378.33	16,772,310.19
Centralised	172,999.53	431,234.44	1,280,032.29	1,758,700.13	7,037,691.87	7,678,097.01
Star programme	0.00	2,924,865.80	5,385,038.24	10,882,788.68	15,069,362.15	13,279,977.15
Heritage	8,659,216.03	30,105,622.65	6,927,220.64	755,137.60	9,942,014.71	907,491.07
Total	23,923,347.65	50,915,576.93	33,981,051.07	35,208,582.96	47,967,447.06	38,637,875.42

Source: Autonomous Organisation of National Parks, Ministry of the Environment, 2005.

representative sample of Spain's principal natural heritage is preserved for future generations. It declares each of the network's National Parks to be of general interest to the state, thus obligating the competent management authorities to make sure that the values that justified said status as national parks will weather the passage of time. In March 2007, the Monfragüe National Park was added to the Network.

- The Law for the Sustainable Development of Rural Territory has been approved to make the use of rural land compatible with the conservation of natural resources.

Fighting Forest Fires

In the effort to prevent and fight forest fires, the budget has doubled since 2003 (to 102 million euros in 2007). There are also 187 more fire fighters than in 2004, the Fire Prevention Teams have doubled, Forest Fire Brigades have tripled during winter campaigns, there are 10 more aircrafts during summer campaigns and 12 million euros are invested in forest biomass removal in a programme

conducted in cooperation with the autonomous regions (prior to 2004 there was no budget for this programme). The Emergency Military Unit from the Ministry of Defence has also joined in the effort.

Relevant indicators

- Every year, 20,000 forest fires are detected on average.
 - 2007 was the year in which the least amount of forest surface area was affected by fires in the last decade, with a total of 82,027.68 hectares burned – 50,985.92 hectares less than the average of 133,013.60 recorded for the last ten years.
 - The 13 major fires recorded in 2007 (which affected more than 500 hectares) were also significantly less in number than the decade's average of 30 fires per year.
 - The largest number of injuries in 2007 was registered in the northwest, accounting for 48.14% of the total; 31.91% happened in inland regions; 18.38% on the Mediterranean coast; and 1.57% in the Canary Islands.

EVOLUTION OF THE NUMBER OF VISITORS TO THE NATIONAL PARKS NETWORK



The efforts made to prevent forest fires, combined with an increase in the measures aimed at helping autonomous regions to fight fires, have resulted in a significant decrease in the number of forest fires and the amount of burnt surface area in comparison with previous years.

THE NATURA 2000 NETWORK

Natura 2000 is an ecological network of areas for the protection of biodiversity and represents one of the most ambitious initiatives ever undertaken by the European Union to protect the Community's natural heritage and to stop biodiversity loss. It may therefore be considered the centrepiece of the EU's nature conservation policy.

The aim of the network is to ensure the long-term survival of Europe's most valuable and threatened species and habitats. It is also a key structural element for the zoning and sustainable administration of the territory,

which is closely tied to the future of rural development policies.

The Habitats Directive (92/43/EEC) and the Wild Birds Directive (79/409/EEC) are the cornerstones of EU biodiversity conservation policy and provide the regulatory framework for Natura 2000, which is a product of the Habitats Directive. The network comprises Special Areas of Conservation (SACs), as established in the Habitats Directive and Special Protection Areas (SPAs) for Birds, created by the Wild Birds Directive.

Each member-state in the EU must contribute to the creation of the Nature 2000 Network by proposing a list of locations for each bio-geographical region to which it belongs. Spain, which accounts for 25.8% of its total surface area, belongs to four different bio-geographical areas (Alpine, Atlantic, Mediterranean and Macaronesic). The process for presenting lists of Sites of Community Interest (SCI) has already concluded.

The Wild Birds Directive identifies the species of birds that will be the object of special conservation measures in terms of their

SITUATION OF THE NATURA 2000 NETWORK IN SPAIN

Autonomous Region	Natura 2000 (SCIs+SPAs)		% Territory
	Num, spaces	Surface area* (ha)	
Andalusia	254	2,594,317.71	28.9
Aragon	202	1,354,820.64	28.4
Asturias	62	307,369.66	27.0
Balearic Islands	177	206,654.20	19.7
Canary Islands	202	509,652.91	44.4
Cantabria	29	147,486.59	27.6
Castile – La Mancha	108	1,826,996.90	23.1
Castile and Leon	190	2,457,279.76	26.1
Catalonia	108	633,371.24	19.6
Ceuta	4	1,525.14	33.5
Extremadura	156	1,259,323.91	30.3
Galicia	73	382,691.27	11.7
La Rioja	11	168,024.52	33.4
Madrid	14	319,463.79	40.0
Melilla	4	541.51	6.3
Murcia	72	446,667.63	23.5
Navarre	59	251,123.17	24.1
Basque Country	58	146,168.45	19.9
Autonomous Region of Valencia	112	697,482.99	27.3
Spain	1,893	13,710,962.03	25.8

* SCI surface area + SPA surface area –duplicated SCI/SPA surface area.

Source: Deputy Directorate-General of Wildlife, Directorate-General of Biodiversity, Ministry of the Environment, February 2006.

habitat, in order to guarantee their survival and reproduction in their distribution area. To this end, EU member-states must classify the appropriate zones as Special Protection Areas.

The Habitats Directive requires EU member-states to protect the conservation of the Natura 2000 Network. In accordance with the Directive, conservation is deemed to refer to the set of measures required to maintain or restore natural habitats and populations of wild fauna and flora species in favourable conditions.

ENDANGERED SPECIES

Spain has a huge diversity of species due to its equally huge diversity of habitats. A cautious estimate would place this at some 80,000

species present in the peninsula and archipelagos.

Spain is the richest country in vascular flora in Europe and the Mediterranean. It is calculated that the number of taxons of vascular plants (ferns and flowering plants) ranges between 8,000 and 9,000, representing 80% of the total flora present in this area. Spain is the European country with most endemic plants (species exclusive to Spain), but it also has most endangered plants.

With regard to fauna, it is estimated that there are between 60,000 and 70,000 species. Of these, approximately 700 are vertebrates (excluding marine fish) and the rest invertebrates (98% of the total, 81% of which are insects, around 50,000 species). In both cases, they account for more than 50% of the total species in each group present in the European Union, and the percentages of mam-

NATIONAL CATALOGUE OF ENDANGERED SPECIES
Number of taxons (species and subspecies) by threat category

Taxonomic groups	Threat categories				Totals
	In danger of extinction	Sensitive to habitat alteration	Vulnerable	Of special interest	
Flora	112 ^{1*}	7 ^{1*}	9 ^{1*}	11	139 ¹ 137 taxons
Invertebrates	16	7	9	10	42 42 taxons
Vertebrates	38 ¹	7 ¹	42 ¹	341 ¹	428 ¹ 423 taxons
Fish	4	-	6	1	11 11 taxons
Amphibians	1	-	1	20	22 22 taxons
Reptiles	5	3	1	42	51 ¹ 51 taxons
Birds	21 ^{1**}	3	11 [*]	250 ^{1**}	285 ^{1**} 283 taxons
Mammals	7	1 ^{1***}	23 ^{1***}	28 ^{1***}	59 ^{1***} 56 taxons
TOTAL	166¹	21¹	60¹	362¹	609¹ 602 taxons

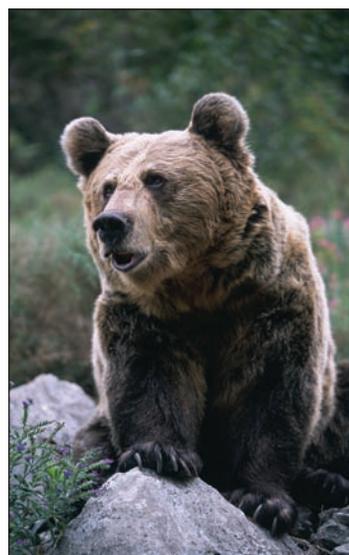
¹ Contains taxons (species and subspecies) with populations in different threat categories.

* Populations of *Diplazium caudatum* and *Silene hifacensis* in different threat categories.

** Populations of *Milvus milvus* in different threat categories.

*** Populations of *Megaptera novaeangliae*, *Globicephala macrorhynchus* and *Delphinus delphinus* in different threat categories.

Source: Directorate-General for Biodiversity, Ministry of the Environment, 2006.



Iberian lynx and brown bear, species under special protection.

MAIN STRATEGIES RELATED TO THE PROTECTION OF SPECIES

1999	Strategy for the Conservation of the Iberian Lynx (<i>Lynx pardinus</i>) in Spain
1999	Strategy for the Conservation of the Brown Bear (<i>Ursus arctos</i>) in Spain
2001	Strategy for the Conservation of the Bearded Vulture (<i>Gypaetus barbatus</i>) in Spain
2001	Strategy for the Conservation of the Spanish Imperial Eagle (<i>Aquila adalberti</i>) in Spain
2001	Plan for Breeding the Iberian Lynx in Captivity
2001	Plan for Breeding the Bearded Vulture in Captivity
2004	Strategy for the Conservation of the Cantabrian Capercaillie (<i>Tetrao urogallus cantabricus</i>) in Spain
2004	Guiding principles for the inclusion of taxons and populations in the National Catalogue of Endangered Species
2004	Strategy for the Conservation and Management of the Wolf (<i>Canis lupus</i>) in Spain
2004	National Strategy against the Illegal Use of Poisoned Bait in the Natural Environment
2004	Strategy for the Conservation of the Pyrenean Capercaillie (<i>Tetrao urogallus aquitanicus</i>) in Spain
2004	Strategy for the Conservation of the White-Headed Duck (<i>Oxyura leucocephala</i>) in Spain
2005	Strategy for the Conservation of the European Bison (<i>Mustela lutreola</i>) in Spain
2005	Strategy for the Conservation of the Balearic Shearwater (<i>Puffinus mauretanicus</i>) in Spain
2006	Strategy for the Conservation of the Pyrenean Brown Bear in Spain
2007	Strategy for the Conservation of the Pyrenean Brown Bear in Spain
2007	Strategy for the Conservation of the Red-knobbed Coot in Spain
2007	Strategy for the Conservation of the Freshwater Clam in Spain
2007	Updating of the Iberian Lynx Strategy
2007	Updating of the Lynx Breeding Plan
2007	European Bison Breeding Programme

Source: Directorate-General of Biodiversity, Ministry of the Environment. In-house elaboration, 2008.

mals and birds – the best-known groups – account for 79% and 74% of the European totals respectively.

The Iberian Peninsula, Ceuta and the two archipelagos are very important locations for many migratory animals and birds. Many species (mainly birds, but also fish and marine mammals) use our territory as a stop-off point on their journeys between northern breeding areas and wintering grounds in both the Mediterranean and south of the Sahara, or between their reproduction sites in the Mediterranean and places of rest in the Atlantic.

The main internationally recognised threats to biological diversity are the loss of habitats (due to destruction and fragmentation), the introduction of invasive exotic species and the over-exploitation of resources and contamination. These threats are partially aggravated by the effects of a relatively new and serious threat – climatic change.

Law 42/2007 on Natural Heritage and Biodiversity created the List of Species with Special Protection Status. The inclusion of a taxon or population on this list will entail the periodic evaluation of their conservation status and the prohibition of negatively affecting their situation. The List of Species with Special Protection Status also establishes the National Catalogue of Endangered Species to which endangered taxa or populations will be added when warranted by technical or scientific data. These will be classified as “at risk of extinction” or “endangered” depending on the degree to which their survival is threatened. The inclusion of a taxon or population in the “at risk of extinction” category may lead to the designation of critical areas that can be added to the National Catalogue of Habitats at Risk of Disappearance, and the obligation of drafting a recovery plan to ensure their conservation is maintained as stipulated in Law 4/1989 of 27 March.

Since 2004, there has been renewed impetus to approve these documents, which are under consideration by the Sectorial Environment Conference.

The Strategies for the Protection of Endangered Species aim to ensure the survival of wild populations in their natural habitats. However, some species have to be bred in captivity to ensure the survival of a captive population that can then be used to strengthen natural populations and consolidate or recover distribution areas. In addition to supporting conservation in situ, breeding plans for species in captivity also provide valuable information that is difficult to obtain when animals are in their natural habitats.

In the case of the lynx, the strategy proposed using breeding in captivity to support the conservation of this animal. The Iberian Lynx Ex Situ Conservation Programme has borne its first fruits with the birth of cubs at the facilities of the El Acebuche Centre in Doñana National Park during the 2005, 2006 and 2007 seasons.

COASTAL PROTECTION

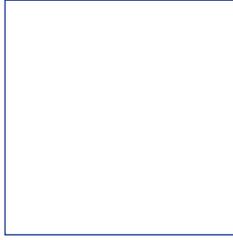
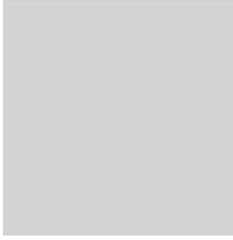
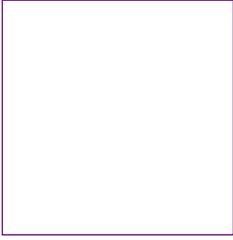
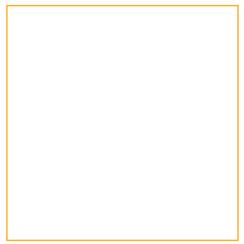
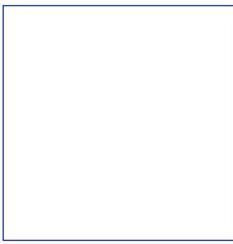
Important steps have been taken to recover the coastline.

- Work has been done on the demarcation of remaining kilometres (2,153 km, approved and being processed, in the 2004-2007 period).

- 334 buildings of various types (144,000 m²) have been demolished.

To continue making progress, the government presented a basic document to reach an agreement with the different regional governments on the Strategy for Coastal Sustainability. The document is based on a rigorous analysis of the current situation of the Spanish coastline and opens a process of public debate in order to bring about a profound change in the management model applied to coastal land.

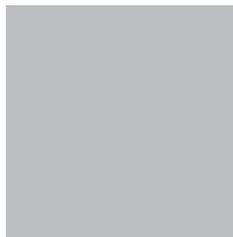
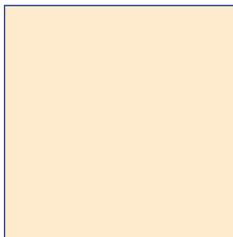
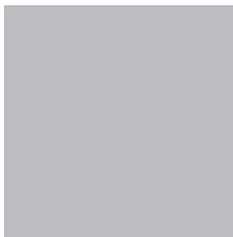
This is a preliminary diagnosis of the present situation of the Spanish coast, which the Ministry of the Environment and Rural and Marine Element has used to launch a consultation process to determine the most efficient intervention strategy to be implemented by all competent authorities.

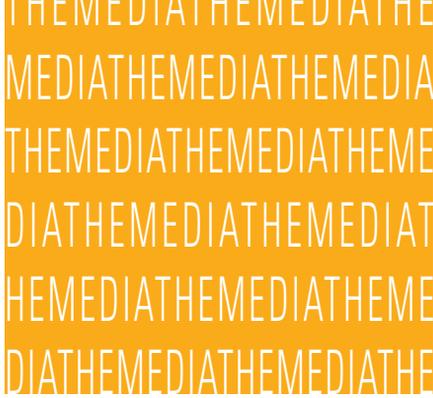


CHAPTER XII



THE MEDIA





PANORAMA OF THE MEDIA IN SPAIN

The media in Spain today is characterised by fierce competition among the actors in each of the various markets that comprise the map of the country's media industry.

The basic aim of this chapter is to provide an overview of the television, radio and press markets in Spain by using the latest of official data available.

The market with the most economic clout and the greatest penetration in society is television, whose overall figures have grown steadily in recent years. In 2005, the Spanish audiovisual market, including radio and television operators, generated revenue for end services of nearly 5 billion euros, according to figures provided by the Spanish telecommunications regulatory body.

With regard to broadcasting technology, television using hertz waves – mainly analogue, although some progress is being made in digital terrestrial television – continues to maintain its hegemony, although cable tele-

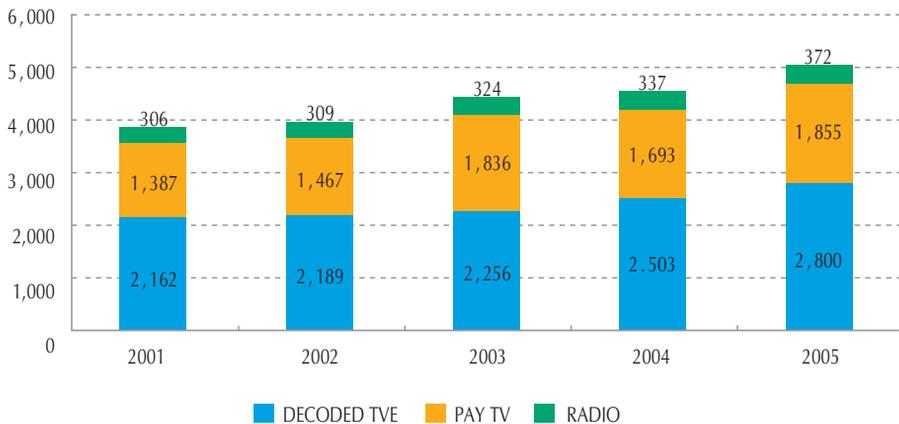
vision continues to make inroads in the Spanish market. Meanwhile, no noticeable change has been observed in satellite television penetration, and broadband television has been winning over new customers slowly and steadily.

Spain has begun to rewrite the legal framework governing the audiovisual sector in a move towards a liberalised market, bringing the provision of public radio and TV services into line with the EU framework, while also setting in motion the final move to digital terrestrial television (herein referred to as DTT).

Indeed, the law on urgent measures to promote digital terrestrial television, liberalise cable television and encourage pluralism is already a reality, and the date has been set for the digital switch-off (2010). The aim is facilitate an effective transition from analogue to digital terrestrial technology, give people the opportunity to access more programmes and services of greater quality, and ensure an adequate variety of choice in Spain.

The launch of DTT is expected to offer 13 new channels, but it will be obliged to gradually increase them to 18 over a 20-month period at the most, according to the DTT Technical Plan. This plan has also opted for increasing the presence of state-owned public television by granting it five digital channels, with the option of adding another three when the analogue switch-off occurs.

TURNOVER OF AUDIOVISUAL INDUSTRY W/O SUBSIDIES
(millions of euros)



Source: CMT (Telecommunications Market Commission). 2005 Annual Report.

The relaunch of DTT in our country coincides with the 50th anniversary of the birth of television in Spain with RTVE, the national public television company that has recently embarked on a complete overhaul.

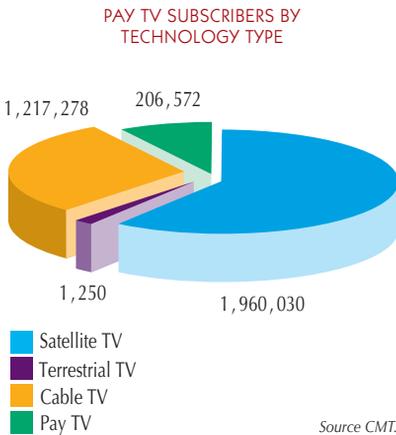
The restructuring of RTVE ensures the provision of a quality public radio and television service that is modern, competitive, independent of the government administrations in power, financially efficient and responsible, transparent in its dealings and at the service of all Spanish citizens. These provisions are set forth in Law 17/2006 of 5 June on State-Owned Public Radio and Television.

Furthermore, the number of actors on the Spanish television stage has grown. In addition to the host of regional and local DTT channels created following several tenders called to assign digital frequencies to public and private channels, the number of national channels has also increased from four national operators broadcasting decoded channels (TVE 1, La 2, Antena 3 Televisión and Telecinco) to six channels. The new channels are Cuatro, which began to broadcast in November 2005, and La Sexta, which received its broadcasting licence in the course of 2006.

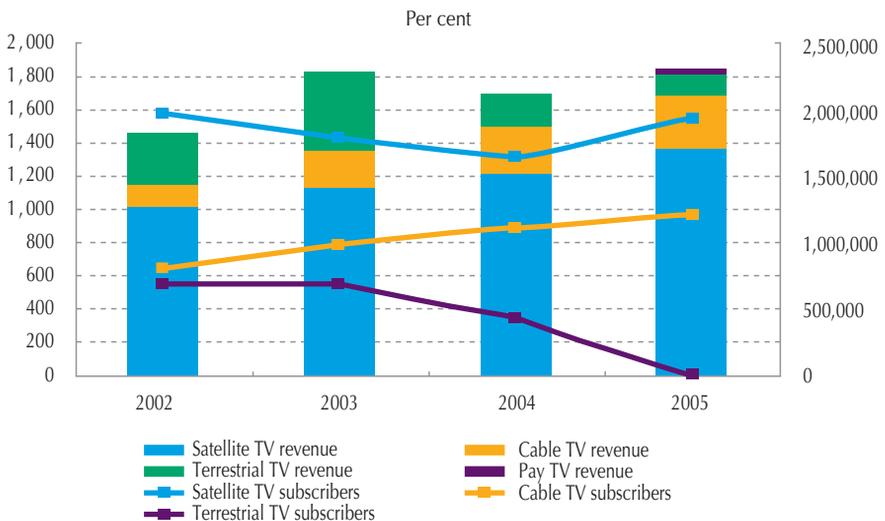
All of the above is changing the face of audience ratings – an area traditionally dominated by public television – which are also affected by the fragmentation stemming from the presence of more agents in the market and the increase in the available array of audiovisual supports and media platforms.

The trend of elevated television consumption is becoming consolidated in Spain, despite a gradual increase in the penetration of other platforms such as the Internet, as the graph clearly shows.

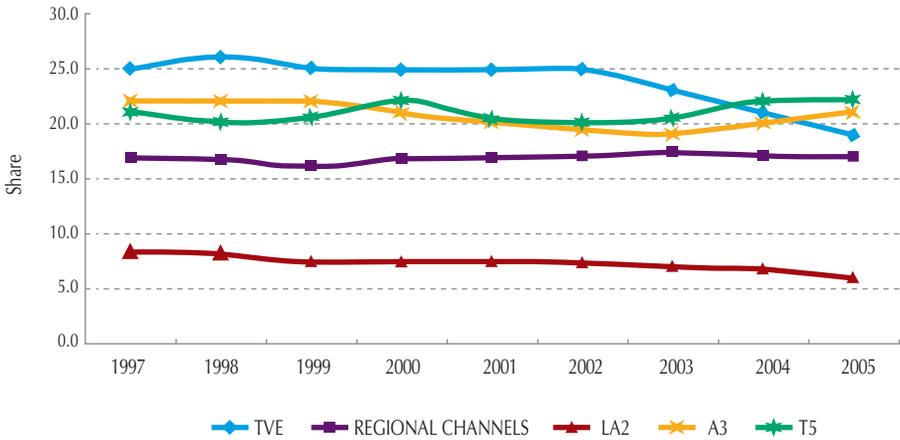
Spain will soon begin drafting the legal framework that will regulate the audiovisual sector in the future, with a view to organising the scattered and obsolete legislation in this industry and ensuring a stable regulatory framework. Radio and television services will be lib-



EVOLUTION OF PAY TV SUBSCRIBERS AND REVENUE



AUDIENCE SHARE



Source: CMT. Sofres Audiencia de Medios.

eralised and a greater variety of news will be guaranteed, as will transparency in the ownership of the media and linguistic diversity. Within this framework, Spain expects to move forward with the new General Audiovisual Law and the State Audiovisual Media Board, an independent regulatory body.

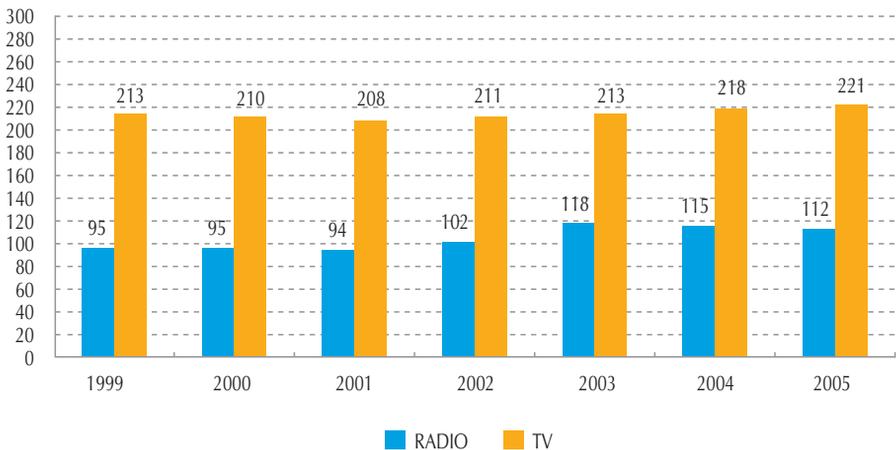
Finally, it is important to emphasise the efforts made by the public authorities and television channels to promote a Code for

Self-regulation of Television Content and Child Protection that would introduce effective mechanisms to control the content of television programmes that could be harmful to children in certain time slots.

Radio

The Spanish radio industry is divided among three large, private groups: the Prisa group (SER

TV AND RADIO CONSUMPTION (MINUTES/DAY)



Source: CMT. Sofres Audiencia de Medios.

radio), Radio Popular (COPE) and Uniprex (Onda Cero). The Prisa group owns SER, 40 Principales, Sinfo Radio, Cadena Dial, M80, Radiolé and Máxima FM, while Radio Popular manages COPE and Cadena 100. Finally, Uniprex has Onda Cero, Onda Cero Música and Europa FM.

Another operator in the market is Radio Nacional de España (RNE), a public radio station with national coverage that also runs several local and regional public radio stations. RNE does not air advertisements, since its operating costs are covered by The Corporation Radio Televisión Española.

Last year, SER led the market with revenue of more than 186 million euros, followed by Onda Cero with 91.9 million euros and COPE with 88.8 million euros. An observation of these figures over a longer period of time shows that the market trend is one of continuous growth.

With regard to radio audiences, general-interest radio accounts for 49.9% of the audience. Thematic radio accounts for 46.3% of the audience, 92.1% of which corresponds to thematic music programmes and 7.4% to news programmes.

SER, with an audience share of 38.4%, is the general-interest radio with the highest ratings nationwide. COPE with 17.5% and Onda Cero with 13.4% are some distance behind. Music stations dominate the thematic radio audience, led by Cadena 40 with a 21.3% audience share.

Press

It is worth mentioning that 60% of the total revenue of the press industry in 2004 was produced by the six large corporations or groups in this market – Vocento, Prisa, Godó, Unedisa, Zeta and Prensa Ibérica – which also accounted for a similar percentage of national circulation (58.9). The overall circulation figures are shown in the accompanying graph.

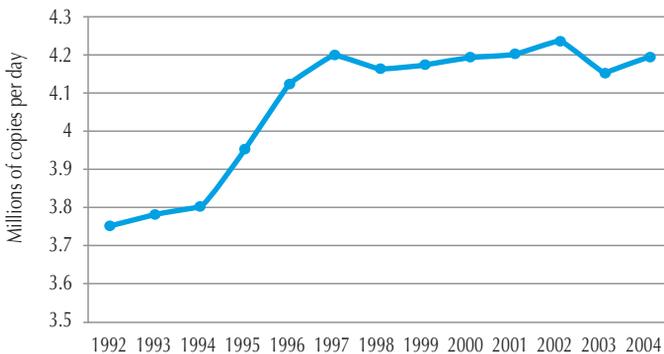
In retrospect, a degree of stagnation can be seen in the newspaper circulation figures. National distribution has dropped to levels of 15 years ago: 98.4 copies per 1,000 inhabitants. The present-day level of daily newspaper circulation is shown in greater detail in the accompanying graph.

Another recent characteristic of this market is the increasing concentration of the Spanish press industry over the course of the first decade of the 21st century.

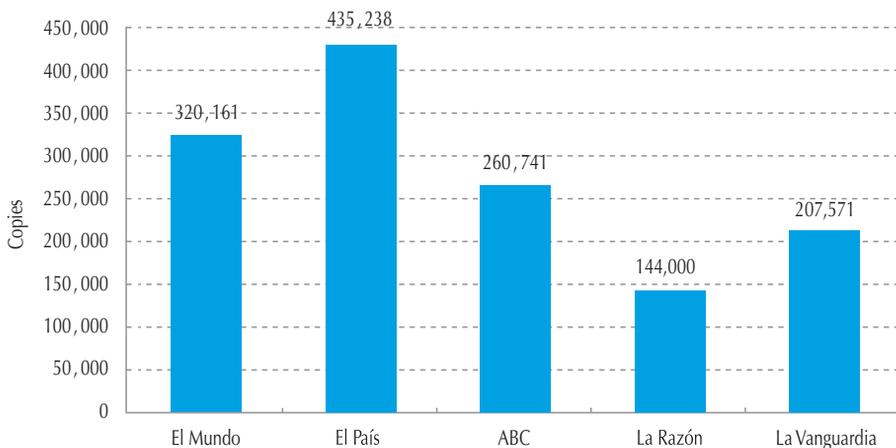
In 2005, seven increasingly consolidated corporations accounted for 80% of the market:

- Vocento (14 newspapers, including *ABC*) controls almost one fifth of national distribution in 2004 (18.7%), and has outstripped Prisa, the long-time market leader.
- The Prisa group (7 newspapers including *El País*) has a market share of 17.2%, a position maintained thanks to *El País*, a newspaper which in recent years has become the general-interest Spanish-language daily with the highest readership.

PRESS CIRCULATION IN SPAIN (1992-2004) OJD



AVERAGE CIRCULATION OF GENERAL-INTEREST NEWSPAPERS
JULY 2005-JUNE 2006. OJD



- Recoletos maintains 10.1% (3 newspapers, including the sports daily *Marca*).

- Zeta follows at 8.3%, with five local editions of *El Periódico de Catalunya*.

- Prensa Ibérica, the publisher of fifteen provincial newspapers with readership accounting for 7.3% of the national total in 2004, a percentage similar to that of the Godó group, the publisher of *La Vanguardia* and *Mundo Deportivo*. The Unedisa Group, which publishes the daily *El Mundo*, is owned by the Italian group Rizzoli.

In 2004, newspapers got back on the track of moderate growth with profits similar to those recorded at the end of the last decade. Revenue has increased, mainly due to increased sales. In 2005, dailies registered a total advertising revenue of 1.666 billion euros, as compared to the 1.584 billion generated in 2004 – a 5.2% increase.

In addition, two-figure annual increases have been recorded for the online editions of Spanish newspapers monitored by OJD Interactiva.

In another area, free newspapers have made a dramatic debut in this market. The number of copies “distributed”, which is the only statistic monitored with this type of publication, leaves no doubt as to the great magnitude of the phenomenon. According to the OJD, between July 2005 and June 2006 the daily newspaper *Qué!* had an average circulation of 969,720 copies; *20 Minutos* had 969,999 copies; and *Metro Directo* had 706,326. *ADN*, another free daily, had an average circulation of 913,556 between March and June 2006.

MAIN NEWSPAPER PUBLISHING GROUPS

Groups	2004	2003
VOCENTO	799,639	794,030
PRISA	737,995	704,303
RECOLETOS	433,228	443,344
ZETA	357,089	350,790
PRENSA IBÉRICA	314,303	313,784
GODÓ	313,134	309,817
UNEDISA	308,618	286,685

Source: OJD of Copies.

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